



Edging up the horizon

annual report 2017-18



Edging up the horizon

In a year that has witnessed one of the most dynamic changes to affect the country's financial landscape, Arohan has learned, tapped opportunities and grown from strength to strength. With its learnings from the past and wisdom for the future, Arohan is illuminating the horizon.

Since its alignment to the group philosophy in the year 2012, Arohan has leveraged its value system to emerge as a leading contributor to the Indian financial inclusion landscape. From bettering its operational processes to putting in place a state-of-the-art technological and digital platform, from benefitting lives in the remotest of locations to diversifying its services to cater to the MSME segments, Arohan is steadily obtaining the opportunities and privileges of making a sustainable change in the underserved communities.

Join us as we take you on our journey forward, as Arohan edges up bright across the horizon.





Microfinance Excellence Award

Arohan Financial Services Private Limited wins the prestigious “MFIN Microfinance Awards 2018 – In Pursuit of Excellence” for the Best Risk and Resilience Framework, awarded by MFIN in association with Dun & Bradstreet. The first and the only bespoke microfinance awards in the country, it is a recognition of Arohan’s commitment to promoting good governance and client-centric practices.



Awards & Recognition

1. SKOCH “Order of Merit” award on best IT implementation for Mobility and CRM (June 2017)
2. SMART Campaign Certification to award our client protection principle (May 2015, reinstated in December 2017)
3. SKOCH Order-of-Merit for qualifying among top 80 projects in India for financial Inclusion (December 2017)
4. CARE MFI 1 Grading, highest on an 8-point scale, second year in a row (2018)
5. CSR Excellence Award by India International CSR Conclave – Water, (2018)
6. MFIN Microfinance Awards – In Pursuit of Excellence” for the Best Risk and Resilience Framework among NBFC-MFIs, awarded by MFIN in association with Dun & Bradstreet (D&B) (2018)



MFI 1 Grading A- Credit Rating

Arohan Financial Services Private Limited has been awarded the highest rated MFI 1 grade from CARE Ratings based on the grading assignment conducted in the month of March, 2018, for the second year in a row. The grading is assigned on an 8-point scale with "MFI 1" being the highest. Arohan is the only NBFC-MFI based out of the East to be rated with the top-notch MFI1 and enables it to retain its position among the elite league of MFIs in India.

CARE Ratings also reaffirmed our credit rating at A- in August, 2017, helping us retain our position amongst a select group of MFIs with an A category rating.



Mission

To empower the underserved by offering a range of financial services, in a manner sustainable for all stakeholders.

Vision

To be one of the top three financial inclusion players in 10 low-income states, serving close to 10 million customers, and being in the top 10 preferred places to work.

Core Values



Employee
Engagement



Transparency



Honesty
& Integrity



Innovation



Customer
Centricity



Shareholder
Value Focus



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MD's Desk

Dear Shareholders,

I am pleased to write to you to report yet another year of outstanding achievements by your company. In the 12th year of our existence as a microfinance institution, despite trying ground level conditions post demonetization, introduction of GST and our own operating system change, we have delivered a decent operational and financial performance. As we closed March 2018, Arohan improved its overall ranking to be the 7th amongst the top 10 NBFC-MFIs in the country and the largest based out of the East.

With a strong management team and a committed workforce, Arohan closed the financial year by crossing an INR 2171 Cr Asset Under Management (AUM). We have now expanded to nine low income states in India with Tripura and Uttar Pradesh being added to our areas of operation in the last financial year. We have successfully crossed a key milestone of serving over 1 million customers, through a network of 435 branches and an employee strength of over 3318 as of end March 2018. Demonetization announced by our Hon'ble Prime Minister in November 2016, had lasting effects on the sector. With a thought-through action plan which included legal notices, extraordinary center meetings, recovery officers and day to day tracking we were able to minimize the impact. Most reports show that we have managed the fall out better than our peer group and also our new portfolio has returned to pre-demo levels.

In the year 2017/18, MAJ Invest, our existing shareholder, increased its stake buying out IFIF in June 2017 and TR Capital, a Mauritius - based specialty secondary investments fund, bought out about 10% from AGII and Tano Capital, together in February 2018. Building the team for future growth was a key area of focus for the company and the year saw new additions to the core management team in business, credit

& risk, legal & compliance and MSME lending to further strengthen the senior management bandwidth. Arohan's Board of Directors continues to be the source of guidance and support to the management and helps us ensure a high level of corporate governance.

Our tenacity to weather challenges, such as demonetization, has been underlined with CARE Ratings reaffirming our rating at A- in August, 2017, after reviewing our performance post demonetization. We have been graded as the top-notch MFI 1, second year in a row, which is the highest on an 8-point scale along with an SP2 rating on our Social Performance Management. With this, Arohan continues its position amongst the top NBFC-MFIs on the credit rating, MFI grading and other assessments like Code of Conduct and Social Performance Management.

We have successfully completed the formal merger of IntellectCash into Arohan through the NCLT process in the last financial year. This means that today Arohan is a unique NBFC-MFI to have a vibrant MSME lending business through a unique Merchant Cash Advance (MCA) and ACH repayment mode of over INR 75 Cr portfolio outstanding across 4 locations in the non-qualifying assets space. With this, Arohan becomes one of the few NBFC-MFIs in India to be able to offer loans ranging from INR 10,000 to as high as INR 75 lakh across different client segments. Our business growth of over 100% last year, was driven through the organic, microfinance partnerships and the MSME lending business. The inorganic channel, with microfinance partnerships, crossed a milestone of INR 100 Cr portfolio outstanding working with over 10 active partners across 7 states in our LIS footprint. Our cross-sell revenues and distribution have grown to meaningful levels with the introduction of new products and innovative delivery methodologies. We now have 3 tie-ups in the BC

space with IndusInd Bank, IDFC and PayTM Payments Bank with over INR 180 Cr credit limits available to grow.

In its efforts to mainstream financial inclusion in India, Arohan has identified the need to go digital to expedite its processes and ensure smooth operations through mobile applications. With this objective in line, we launched "GRAVITY" which is an android based mobile application which helps in the authentication of customers, credit bureau checks and capture operational transactions in the field on a real-time basis. It entails enrolling new members, loan origination, disbursal and even loan repayment. Arohan is the first among its peers to facilitate a completely paperless front-end, across thousands of its field employees. We have migrated to one of the best-in-class core banking systems from FIS - Profile, with effect from July 4, 2017, have tested for e-KYC and Tab/FIS connect applications and have deployed biometric devices to help roll out our Payments Bank tie-up. We have consolidated "Perdix", a Centralised Digital Audit System and our Risk Management is now supported by Prismatic data analytics module of CRIF High Mark, which enables us to benchmark our portfolio to peers in our geographies. We are also in the process of upgrading to Adrenalin, a state-of-the-art HR MIS system to effectively manage our growing work force. These initiatives clearly make Arohan one of the most IT-enabled NBFC-MFIs in India. Our efforts have been recognized and we have won the prestigious SKOCH Order of Merit Award on best IT implementation for Mobility and CRM in June 2017 and another for qualifying among the top 80 projects in India for financial Inclusion in December 2017.

At the core of Arohan's operations is a deep sense of customer centricity, borne out by its transparency in business practices and a unique design of products and services to meet customer requirements. Customers are offered financial and other services best suited to their socio-economic growth. We offer financial and non-financial products to our customers at affordable costs on a unique rural assisted e-commerce platform called Arohan e-Bazaar. This is also available in vernacular which makes it user-friendly for our customers. Arohan has tie-ups with reputed brands for sourcing of the products. Arohan continues to develop its microfinance plus offerings and provides micro-insurance facilities in collaboration with Bajaj Allianz and DHFL Pramerica (for life insurance) and Future Generali (for general insurance). Aiding the Government of India's 'Swachh Bharat' initiative is Arohan's unique Sanitation Loan product for customers who wish to construct sanitation units, at lower/ subsidized costs, in Bihar.

Our employees are a very important contributor to our progress and the HR structure is focused on recruitment, induction, on-the-job productivity and retention. We are committed to be in the Top 10 places to work in our sector and geographies and would be working with the Great Places to Work (GPW) organisation leading to an evaluation and a certification next year.

Arohan's treasury unit has raised close to INR 1900 Cr of

debt this year at very fine rates of around 10% including Tier II deals worth INR 115 Cr in March 2018. This has helped us lower our pricing to a fine 20.99% effective March 2018, which is the second lowest in the sector and also maintain our Capital Adequacy Ratio at a comfortable level for future growth. Five new PSU lenders - Andhra Bank, Bank of India, Dena Bank, Oriental Bank of Commerce and Syndicate Bank were added to our existing list of 12 PSU - Bank of Baroda, Bank of Maharashtra, Corporation Bank, IDBI Bank, Indian Bank, MUDRA Bank, NABARD, SIDBI, State Bank of India, Union Bank of India, United Bank of India and Vijaya Bank. In addition to this, we have also added Mahindra Finance, HSBC and Woori Bank to our list of lenders in FY 2017/18.

Arohan's social interventions are developed to best cater to the communities it operates in with a medium-term vision to touch over 1,00,000 lives through our CSR initiatives. Its four pronged approach focusses on skill building and education, women's health and wellness, eco-sustainability and disaster relief management. It conducts health awareness camps in its branch locations for women, using unique traditional artforms, while also protecting them by supporting anti-trafficking and women empowerment organisations. Arohan has sought to create a larger impact through initiatives on eco-sustainability through Water Sanitation Units, which provides WHO quality purified water daily benefitting up to 500 families around the project. It has extended assistance to more than 3500 families during floods as part of its disaster relief initiatives. Arohan has been the recipient of the CSR Practice of the Year - Water, 2018, part of the CSR Excellence Awards at The India International CSR Conclave and Awards, held in Delhi. Through our Financial Literacy Programme, with ACCION, we have reached out to 50,000 customers as on end of March 2018. Employees at Arohan are actively encouraged to volunteer by engaging with local NGO's and providing educational guidance and assistance to the youth.

I wish to thank all our customers for their business, our employees for their relentless hard work, our senior management team for the leadership they provide, the RBI and other regulators for being a proactive and supportive, the central and state governments for the supportive ground level ecosystem, our promoter group for their continued focus and commitment, our investor group for their support and confidence, our lenders for their continued support and our vendors and business partners for their cooperation and help throughout the year. Lastly, I would like to thank our Board of Directors, for their continuous support and guidance.

On behalf of my management team, I assure you that we will do our best to ensure the continued success of your company. We are grateful for your support and trust that you will continue to repose your confidence in us.

Warm regards,

Manoj Kumar Nambiar
Managing Director



Board Of Directors

Rajat Mohan Nag



Rajat Mohan Nag is a Non-Executive Independent Director of our Company. He has been a Director since January 31, 2015. He holds a master's degree in science and a master's degree in business administration from the University of Saskatchewan, Canada. He also holds a master's degree in science (economics) from the London School of Economics and Political Science, University of London, United Kingdom. He has approximately 30 years of experience in banking and finance. Prior to joining our Company, he has served as the Managing Director (General) of the Asian Development Bank.

Dinesh Kumar Mittal*



Dinesh Kumar Mittal is the Independent Non-Executive Chairman of our Board. He holds a master's degree in physics from University of Allahabad. He joined the Indian Administrative Services in July 1977 and has over 35 years of experience. Prior to joining our Company, he has served with the Government of India as Secretary – Department of Financial Services and the Ministry of Corporate Affairs and as Additional Secretary and Joint Secretary – Department of Commerce. He has also served as the Chief Executive Officer of IL&FS and with the Government of the state of Uttar Pradesh in various capacities including as Secretary to the Chief Minister, Managing Director – Uttar Pradesh Land Development Corporation, Vice Chairman to the Ghaziabad Development Authority and Special Secretary and Additional Director – Industries.

Sumantra Banerjee



Sumantra Banerjee is a Non-Executive Independent Director of our Company. He has been a Director since April 29, 2014. He holds a bachelor's degree (technology) in chemical engineering from the Indian Institute of Technology, Kharagpur, a master's degree in science and a master's degree in business administration from the University of Connecticut, USA. He has over 25 years of experience in board and key management personnel roles. Prior to joining our Company, he has served as the Managing Director of CESC Limited, the Chief Executive Officer of Spencer's Retail Limited and a member of the board of the R.P. Sanjiv Goenka Group.

Manoj Kumar Narayan Nambiar



Manoj Kumar Nambiar is the Managing Director of our Company. He has been a Director since October 2012. He holds a bachelor's degree in engineering (mechanical branch) from University of Bombay and a master's degree in management studies from University of Bombay. He has also completed the 'Strategic Leadership in Microfinance' course from Harvard Business School, US. Post completion of his management studies in the year 1988, he has worked with various companies in the fields of marketing, consumer finance, retail banking and microfinance across India and the Middle East. Prior to joining our Company, he worked with Xerox India Limited (formerly, Modi Xerox Limited), GE Countrywide, ANZ Grindlays Bank, ABN Amro Bank N.V., National Bank of Oman, Ahli Bank and with Alhamrani Company for Investment in Trade. He was a member of the Governing Board of MFIN, the industry SRO from 2013 and its President in 2015-16. He is currently in the Policy Advocacy Task Force at Sa-Dhan and MFIN.

Matangi Gowrishankar



Matangi Gowrishankar is a Non-Executive Independent Director of our Company. She has been a Director since August 22, 2016. She holds a bachelor's degree in sociology from the University of Madras, Chennai and honours diploma in industrial relations and welfare from Xavier Labour Relations Institute, Jamshedpur. Post her completion of management studies in the year 1979, she has worked with various organisations including BP India Services Private Limited and others such as Standard Chartered Bank, Reebok India Company Private Limited, General Electric Company, Cummins India Limited, Indo Count Industries Limited and also as the HR director for the Asia-Pacific business of British Petroleum's lubricants business. She has also been associated with British Oil & Gas Major British Petroleum where she continues to hold a project role as the Director strategic leadership development projects.

*Dinesh Kumar Mittal was appointed on May 15, 2018.

Vineet Chandra Rai

Vineet Chandra Rai is a Non-Executive Nominee Director of our Company. He was nominated to our Board of Directors by AVMS. He has been a Director since October 24, 2013. He holds a post-graduate diploma in forestry management from the Indian Institute of Forest Management, Bhopal. He has approximately 16 years of experience in management. Prior to joining our Company, he has worked with AVMS and I-Cap, where he continues to be a director.

Anurag Agrawal

Anurag Agrawal is a Non-Executive Nominee Director of our Company. He was nominated to our Board of Directors by Intellectcash. He has been a Director since October 3, 2012. He holds a bachelor's degree in business administration and a master's degree in commerce from the University of Madras, Chennai and a post graduate diploma in management from T.A. Pai Management Institute, Manipal. He has approximately 15 years of experience in banking and management. He is also the Chief Executive Officer of one of our Promoters, I-Cap. Prior to joining our Company, he has worked with ICICI Bank Limited.

Kailash Chand Vaid

Kailash Chand Vaid is a Non-Executive Nominee Director of our Company. He has been a Director since December 21, 2015. He was nominated to our Board of Directors by Small Industries Development Bank of India, one of our lenders. He holds a bachelor of textiles (technology) degree from Technological Institute of Textiles, Bhiwani, Maharshi Dayanand University and a master's degree in business administration from the Department of Management, Kurukshetra University, and is also a certified associate of the Indian Institute of Bankers. He has over 30 years of experience in the banking and financial services sectors. Previously, he has also worked with Allahabad Bank and at Bhiwani Textile Mills.

Piyush Goenka

Piyush Goenka is a Non-Executive Nominee Director of our Company. He was nominated to our Board of Directors by Tano. He has been a Director since March 31, 2015. He holds a bachelor's degree in commerce from University of Calcutta and has completed the post-graduate programme in management (equivalent to a master's degree in business administration) from Management Development Institute, Gurugram. He is a CFA charter holder. He has over 18 years of experience in private equity investing and the financial services sector. At Tano, he is responsible for making investments across a wide range of sectors and has led most of Tano's investments in the consumer, pharmaceuticals and financial services sectors. Prior to joining Tano, he has worked with Infrastructure Leasing & Financial Services Limited, Export-Import Bank of India and First Global.

Kasper Svarrer

Kasper Svarrer is a Non-Executive Nominee Director of our Company. He has been a Director since March 31, 2017. He was nominated to our Board of Directors by Maj Invest. He holds a bachelor's degree in forestry from Royal Veterinary and Agricultural University, Copenhagen and a master's degree in business administration from Henley Business School, University of Reading, United Kingdom. He also holds a certificate for completing a course on international business management from Georgetown University, USA. He has approximately 14 years of experience in asset management and has been with the Maj Invest group since 2009. He is the Managing Partner, financial inclusion, at Maj Invest Equity A/S, a fund manager for two funds, namely, Danish Microfinance Partners K/S and Maj Invest, and also represents the funds on the board of directors of Microcred Holding, a portfolio company. He is also the Managing Partner at Fondsmæglerselskabet Maj Invest A/S. Previously, he has worked at the World Bank and the Industrialisation Fund for Developing Countries.

Wilhelmus Marthinus Maria Van Der Beek

Wilhelmus Marthinus Maria van der Beek is a Non-Executive Nominee Director of our Company. He was nominated to our Board of Directors by AG II. He has been a Director since December 5, 2016. He holds a doctoral degree in economics and business economics from Erasmus University, Rotterdam and has completed the European Leadership Course 6 from Comenius Leergangen. He has experience in financial structuring, investment management, private equity and cross-border direct investments. He is the founder of Goodwell Investments BV, a Netherlands-based investment firm focused on financial inclusion and also manages the Aavishkaar Goodwell India Microfinance Development Company I Ltd. and AG II.



Management Profile

Milind Ramchandra Nare

Chief Financial Officer



Milind Ramchandra Nare is the Chief Financial Officer and has been associated with Arohan since 2016. He has over 20 years of experience in managing functions like financial accounting, treasury management, resource mobilization, strategic planning, audit, taxation and regulatory compliance. Prior to joining our Company, he has worked with India factoring and Finance Solutions Private Limited, Global Trade Finance (Private) Limited, The Bombay Dyeing group, Associated Capsules, L&T Capital Limited and L&T Finance Ltd. Milind holds a Bachelor's degree in Commerce from Mumbai and a Master's degree in financial management from Pondicherry.

Harshavardhan Patnaik

Senior Vice President -
Central Operations and Alliances



Harshavardhan Patnaik is the Senior Vice President - Central Operations and Alliances of our Company and has been associated with our Company since October 14, 2016. He is responsible for building and maintaining a market leading portfolio of products and solutions that delivers profitable growth and delivering outstanding service quality for our Company. He holds a post-graduate diploma in rural management from the Institute of Rural Management Anand. He has over 25 years of work experience in the financial services, fast-moving consumer goods and rural/social consulting sectors. Prior to joining our Company, he has worked at SREI Sahaj e-Village Limited as senior vice president - marketing and senior vice president - business development/chief executive officer division, and also at Britannia Industries Limited, Reliance Retail Limited, the general insurance business of ITC Limited, IFFCO Tokio General Insurance Company Limited, Actionaid India and TTK Healthcare Limited (formerly known as TTK Pharma Limited).

Abin Mukhopadhyay

Vice President - Internal Audit



Abin Mukhopadhyay is the Vice President - Internal Audit of our Company and has been associated with our Company since July 1, 2015. He is responsible for giving assurance on the internal control arrangements and promoting good corporate governance in our Company. He is a qualified chartered accountant and a member of the Institute of Chartered Accountants of India. He is also a chartered management accountant (admitted as an associate of the Chartered Institute of Management Accountants), a certified information systems auditor (as certified by the Information Systems Audit and Control Association), a certified fraud examiner (as certified by the Association of Certified Fraud Examiners) and an associate of the Insurance Institute of India. He has over 17 years of experience in audit, accounting and management. Prior to joining our Company, he has worked with Eveready Industries India Limited, ITC Limited, Colgate-Palmolive (India) Limited, Hindustan Motors Limited and Gumamol Rubber-Tec GmbH.

Anirudh Singh G. Thakur

Head - Legal, Compliance and Company Secretary



Anirudh Singh G. Thakur is the Head - Legal, Compliance and Company Secretary at Arohan. He has over 18 years of experience in corporate, commercial law and compliance. Prior to joining Arohan, he was into legal consultancy for a brief period and also worked with various corporate such as India Factoring and Finance Solutions Private Limited, Global Trade Finance Limited, Intelnet Global Services Limited, Premier Auto Electric Limited and Pix Transmissions Limited in the Legal and Secretarial departments. Anirudh holds a Bachelor's degree in science and a Bachelor's degree in law from Nagpur University. He is an associate member of the Institute of Company Secretaries of India and has passed the Limited Insolvency Examination conducted by the Insolvency and Bankruptcy Board of India.

Shirish Chandra Panda

Senior Vice President - Microfinance Business



Shirish Chandra Panda is the Senior Vice President - Operations of our Company and has been associated with our Company since April 5, 2017. He is responsible for ensuring growth in business, productivity, quality assurance, portfolio hygiene and maximising cross sell revenue of our Company. He holds a post-graduate diploma in rural management from the Institute of Rural Management Anand and holds a post-graduation diploma in advanced strategy for leaders from the Indian Institute of Management, Lucknow. He has approximately 18 years of experience in sales and operations. Prior to joining our Company, he has worked at Satin Creditcare Network Limited, IFMR Trust, BASIX India, Akshaya Microfinance Private Limited, Credible Microfinance Private Limited, Reliance Retail Limited and Asian Paints (India) Limited.

Ranjan Das

Vice President - Risk & Credit



Ranjan Das is the Vice President - Risk and Credit of our Company and has been associated with our Company since July 1, 2017. He is responsible for the overall risk management and control, risk analytics, credit and product policy approvals, credit underwriting and portfolio risk analytics of our Company. He holds a master's degree in business management from the University of Calcutta. He has over 18 years of experience in the financial sector. Prior to joining our Company, he has worked with Citicorp Finance (India) Limited, Magma Fincorp Limited and Indian Container Leasing Company Limited.

Shailesh Kumar

Vice President and Head – MSME Lending Business



Shailesh Kumar is the Vice President and Head – MSME Lending Business of our Company and has been associated with our Company since April 1, 2018. He is responsible for developing, directing and monitoring associated channels, anchors, partners associated with loan acquisition activities, managing sales and acquisition costs and for setting up the system for sales management for the merchant cash advance business of our Company. He holds a bachelor’s degree (honours) in Arts from Babasaheb Bhimrao Ambedkar Bihar University. He has approximately 18 years of experience across various functions of banking. Prior to joining our Company, he has worked with ICICI Bank Limited and the State Bank of India.

Arvind Murarka

Assistant Vice President - IT & Hubs



Arvind Murarka is the Assistant Vice President – Information Technology of our Company and has been associated with our Company since August 12, 2015. He is responsible for overseeing the infrastructure of technical operations, tracking the technology and the information technology team to achieve goals, meet quotas, eliminate security risks, increase user satisfaction and maintain information technology infrastructure, operations and systems/ application. He holds a bachelor’s degree in commerce from Calcutta University. He holds a master’s degree in business administration from the Institute of Chartered Financial Analysts of India University, Sikkim and has completed the course titled ‘data analytics essentials’ from the National Institute of Information Technology, New Delhi. He has experience of over 25 years across multiple industries including information technology consulting, healthcare, infrastructure, food processing, and retail. Prior to joining our Company, he has worked with GPT Infraprojects Limited, Medica Pharmacy Private Limited, IntraSoft Technologies Private Limited, iNavigators Private Limited, Softweb Technologies Private Limited, Amrit Feeds Limited and Kris Systems Private Limited.

Prashant Rai

Assistant Vice President - HR, Admin, Training & CSR



Prashant Rai is the Assistant Vice President – Human Resources, Admin, Training and CSR of our Company and has been associated with our Company since October 28, 2015. He is responsible for the smooth and profitable operation of the department, supervision and providing consultation to management on strategic staffing plans, compensation, benefits, training and development, budgeting and other related activities of our Company. He holds a master’s degree in science (ecology and environment) from Sikkim Manipal University. He is accredited as an internationally certified user of Thomas International Limited’s “Personal Profile Analysis” and its related instruments by Thomas International and has also completed a certification in ‘Growth Leadership Masterclass’ from Korn/Ferry International. He has also completed the requirements to be recognized as an assessor for the Confederation of Indian Industry – National HR Excellence Award. He has also completed the transactional analysis 101 course offered by the International Transactional Analysis Association and is a life member of the Indian Society for Training & Development, New Delhi. He has approximately 13 years of experience in training and development, talent management and leadership development. Prior to joining our Company, he has worked with Srei Infrastructure Finance Limited, Voltas Limited, Wacker Metroark Chemicals Private Limited and Artefact Software and Finance Limited. He was also adjudged one of the ‘100 most Impactful CSR Leaders - Global Listing’ at the World CSR Congress 2016.

Shraddha Srimal

Assistant Vice President - Head of New Products and Alliance Businesses



Shraddha Srimal is the Assistant Vice President – New Products and Alliance Businesses of our Company and has been associated with our Company since October 3, 2013. She is responsible for looking after strategic initiatives and the inorganic business of our Company. She has also been involved in strategic planning, setting up corporate communications and CSR departments, revamping risk management, new product and new business roll out, fund raising and re-branding exercises at our Company. She holds a bachelor’s degree in mathematics (honours) from St. Xavier’s University, Kolkata and a post graduate diploma in management from the Indian Institute of Management Indore. She has experience of over 10 years in management and consulting. Prior to joining our Company, she worked with Deloitte Touche Tohmatsu India Private Limited.

Joyanta Bakali

Assistant Vice President-Zonal Business Head - West Bengal



Joyanta is an Assistant Vice President and is a Zonal Business Head. He handles the largest portfolio in Arohan, West Bengal. He has over 20 years of experience in the microfinance industry and the development sector. Prior to working with Arohan, he worked with “Shakti Foundation for Disadvantaged Women” Bangladesh. Joyanta holds a Post Graduate Diploma in Business Management from IMT Ghaziabad.

Joji Jacob

Assistant Vice President – Sales and Collection, MSME Lending Business



Joji is an Assistant Vice President and handles the Sales and Collection vertical of the MSME Lending Business at Arohan. Joji has over 17 years of experience in financial product sales and new market development, channel management, client relationship management and people management. In his last assignment, he was a Director at Oakmont Services Pvt. Ltd. Joji holds a Post Graduate Diploma in Business Management from Institute of Technology and Management (Collaboration with Southern New Hampshire University, US).



Corporate Information

Board Of Directors

Mr. Dinesh Kumar Mittal
Independent Non-Executive Chairman

Mr. Rajat Mohan Nag
Non-executive, Independent Director

Mr. Sumantra Banerjee
Non-executive, Independent Director

Ms. Matangi Gowrishankar
Non-executive, Independent Director

Mr. Vineet Chandra Rai
Non-executive, Nominee Director

Mr. Anurag Agrawal
Non-executive, Nominee Director

Mr. Piyush Goenka
Non-executive, Nominee Director

**Mr. Wilhemus Marthinus
Maria Wen Der Beek**
Non-executive, Nominee Director

Mr. Kasper Svarrer
Non-executive, Nominee Director

Mr. Kailash Chand Vaid
Non-executive, Nominee Director

Mr. Manoj Kumar Narayan Nambiar
Managing Director

Chief Financial Officer

Mr. Milind Ramchandra Nare

Head- Legal, Compliance & Company Secretary

Mr. Anirudh Singh G. Thakur

Other Senior Management

Mr. Shirish Chandra Panda
Sr. Vice- President (Business)

Mr. Harsh Patnaik
*Sr. Vice-President
(Central Operations and Alliances)*

Mr. Abin Mukhopadhyay
VP (Internal Audit)

Mr. Ranjan Das
VP (Risk and Credit)

Mr. Shailesh Kumar
VP (Head of MSME Lending Business)

Ms. Shraddha Srimal
*AVP (Head of New Products and
Alliance Businesses)*

Mr. Arvind Murarka
AVP (InformationTechnology & Hubs)

Mr. Prashant Rai
AVP & Head (HR, Admin, CSR & Training)

Mr. Joji Jacob
*AVP (Sales and Collection, MSME
Lending Business)*

Mr. Joyanta Bakali
AVP (Zonal Business Head - West Bengal)

Registered And Corporate Office

PTI Building, 4th Floor, Block DP,
DP-9, Sector V, Salt Lake,
Kolkata – 700 091

Tele: 033- 4015-6000

Fax: 033- 4015-6060

E-mail: compliance@arohan.in

Website: www.arohan.in

Registrar & Transfer Agents

Link Intime India Private Limited
59C, Chowringhee Road, 3rd Floor
Kolkata – 700 020, West Bengal, India

Tele: 033- 2289-0540

Fax: 033- 2289-0539

Auditors

Walker Chandio & Co LLP
(Registration No-001076N/N500013)
10 C Hungerford Street
5th Floor, Kolkata-700017

Secretarial Auditor

Jayshri Tulsyan & Associates
P-2, New C.I.T. Road, Aradhana Building
1st Floor, Room No. 104, Kolkata- 700073

Corporate Identity Number

U74140WB1991PTC053189

Works

- Assam
- Bihar
- Chattisgarh
- Jharkhand
- West Bengal
- Odisha
- Meghalaya
- Uttar Pradesh
- Tripura

MSME Lending

- Maharashtra
- Karnataka



Investor Profile



Promoter

Aavishkaar Venture Management Services Pvt Ltd

Aavishkaar is one of the global pioneers in impact investing, taking an entrepreneurship based approach to development. Aavishkaar has been investing in early and growth stage enterprises for close to two decades and manages a portfolio of enterprises across India and three other countries presently with investments spanning across a range of sectors including Food and agriculture, education, renewable energy, health, water and sanitation, technology for development, microfinance and financial services.

Aavishkaar currently manages an aggregate corpus of close to US \$ 300 million and through its unique approach while making investments into enterprises combined with the operations of its investee cos are contributing to 13 of the 17 SDG Goals.

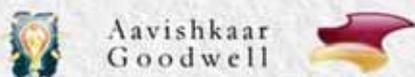


Intellectual Capital Advisory Services Pvt Ltd

Intellecip is a pioneer in providing innovative business solutions that help build and scale profitable and sustainable enterprises dedicated to social and environmental change. Founded in 2002, it has experience in advising and nurturing social businesses. Intellecip has advised many clients on business strategies in its engagements across countries, and facilitated more than USD 300 million in equity investments. Intellecip also established Sankalp Forum, one of the largest global platforms for inclusive development that brings together 3000 stakeholders across three Summits in India, Kenya and Indonesia.

Institutional Investors

Aavishkaar Goodwell India Microfinance Development Company II Ltd



Aavishkaar Goodwell is a for-profit business development company that provides equity finance and hands-on support to enterprises active in the microfinance sector in India on a socially and commercially sustainable basis. Aavishkaar Goodwell is a joint initiative of the teams behind Dutch social investment firm Goodwell Investments and Aavishkaar India, the world's first for-profit micro venture capital fund.

Tano India Private Equity Fund II

Tano Capital is an alternative asset management firm founded in 2004 by Mr. Chuck Johnson, formerly Co-President of Franklin Templeton Investments and CEO of Templeton Worldwide Inc. Tano is an Independent Manager of Private Equity funds, targeting Growth Opportunities in India. Mr. Hetal Gandhi who established the Private Equity business of Infrastructure Leasing and Financial Services (IL&FS) and Mr. Carlton Pereira who prior to Tano was Managing Director and Head of Corporate Finance for KPMG in India, Middle East and South Asia are the Managing Directors of Tano. Tano aims to achieve capital appreciation by investing across industry sectors, in companies that possess or demonstrate a competitive edge, prospect of scalability and exit visibility. Tano Capital LLC is based in San Mateo, California. It has additional offices in Mumbai, India; Shanghai, China; Singapore; and Ebene Mauritius.



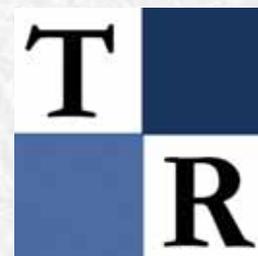
Maj Invest Financial Inclusion Fund II K/S

Maj Invest is one of Denmark's leading asset management companies, managing assets for primarily institutional clients. The Maj Invest group was established in 2005 and is today owned by management and employees. The group comprises the companies Maj Invest Holding A/S, Fondsm glerselskabet Maj Invest A/S, Maj Invest Equity A/S and Maj Bank A/S as well as a number of companies related to Danish and international private equity. Fondsm glerselskabet Maj Invest A/S is investment adviser to the Maj Invest mutual funds in Denmark and Luxembourg, which are owned by their members.



TR Capital III Mauritius

TR Capital Group is an investment group which is a leader in Asian secondary investments. The firm focuses mainly on Secondary Direct (single company or portfolio of several companies) and Fund Restructuring. With 10 years of track record and a seasoned team dedicated to secondaries in Asia, TR Capital makes concentrated long term investments across industries by acquiring assets and subsequently adding value. The firm has an extensive experience in sourcing, improving and then divesting private equity deals across Asia. It currently manages three funds with capital commitments of USD 400 million, and has a sophisticated base of global institutional investors such as leading banks, pension funds, entrepreneurs and family offices. Since inception, TR Capital has executed 33 transactions and has built a solid track record with TR Capital I (2008), TR Capital II (2012) and TR Capital III (2016). TR Capital has a team of 15 professionals with offices in Hong-Kong, Shanghai and Mumbai. Its investment professionals have significant experience in 2 areas: investing into companies and making them better. TR Capital provides liquidity to investors in an environment where traditional exit avenues are more limited, macroeconomic conditions more challenging, and regulatory guidelines on illiquid investment holdings of banks and financial institutions more restrictive.



Michael & Susan Dell Foundation (MSDF)

Michael and Susan Dell Foundation India focuses on urban programs that foster high-quality education and childhood health, and improve family economic stability among India's urban poor, including an estimated 7.6 million children living in slums nationwide. Their goals in India are to seek immediate positive impact on the lives of individual children they work with, and to catalyze systemic change. To those ends, they partner with a range of stakeholders, including governments, businesses, NGOs, implementation experts, community organizations and other philanthropies.





Financial Highlights

Operational Performance:



Gross Loan Portfolio
₹2171 Cr



Solvency & Liquidity:

₹ Networth
380 Cr



Capital Adequacy Ratio **23.63%**



Sanctions raised
₹1900 Cr



Cash & Cash Equivalent
₹158.61 Cr



Efficiency Ratios:

Average Cost of Borrowing
11.47%



OPEX
6.68%



Fee income as a % age of total income **10%**





Making Us Rise

Were it not for the movement of the earth, the sun would never “rise”. Although the Sun appears to rise from the horizon, it is actually the Earth’s motion that causes the Sun to appear. The microfinance industry has always been the enabler that helps the underserved and the financially excluded rise above their limitations. The industry, the Government of India, as well as, the Reserve Bank of India’s focus on financial inclusion centred through digitisation has helped Arohan grow its way forward.

India is edging up the horizon of a high-growth phase wherein financial inclusion is imperative for sustaining equitable growth across sections of society. Microfinance institutions have a significant role to play in furthering financial inclusion.

Financial year 2017-18 has been an eventful year for the industry. On November 8, 2016, the Indian government announced the demonetisation of banknotes of INR 500 and INR 1,000 denominations - this shook the industry, as ~86% of the currency in value terms was removed from circulation while replacement of currency with INR 500 and INR 2,000 notes by the central bank was a herculean task. As a consequence, GLP of the MFI industry, which was growing at ~ 70% in the first half of fiscal 2017 suddenly, slumped to 21% (full year annual growth) by the end of the fiscal 2017. Disbursements were worst hit; it de-grew to below 50% in majority of the areas.

Further, customers in rural and semi urban areas who rely on daily businesses faced huge earnings loss due to decreased demand on account of non-availability of cash. This resulted in PAR (>30 days) and PAR (>90 days) to rise to an alarming 11.05% and 5.88% respectively in March, 2017 (compared to the March, 2016 values of less than 1%) as the cash crunch significantly affected the industry.



While the Andhra Pradesh Crisis in 2010 had caused an existential issue for the industry, demonetisation in November 2016 created some uncertainties in the microfinance industry for a short term, the effect of which has now diminished. Once again, the microfinance industry, as a testimony to its strength, remained resilient and continued to exhibit strong growth. With special efforts made to bring credit discipline among customers – activities such as multiple visits to customers in addition to regular centre meetings, mass media campaign and awareness camps to educate them about the importance of their credit records in bureaus and ineligibility to take loans from any other MFI in case of defaults - the PAR levels reduced significantly to 4.44% in case of PAR 30 and 3.49% in case of PAR 90. The industry regained its growth trend in FY 17-18 and the total portfolio outstanding increased by 27% to INR 1.37 lakh crores across.

The NBFC-MFIs contribution to the growth chart is the highest with total portfolio increasing by 48% to INR 44,892 Cr. The NBFC-MFIs’ reach, growth and resilience has caught the eye of private banks and other investors who are tapping into this opportunity with alliances and investments.

As per Crisil, the business of NBFC-MFIs (including SFBs) have grown phenomenally in the recent years; their gross loan portfolio grew at a 5-year CAGR of 46% to INR 889 Bn in March 2018. As per MFIN, MFIs (excluding SFBs) have a borrower base of 25 million clients, which has grown by 25% in FY18 over FY17. The focus, in FY 17-18, was to increase penetration in rural areas. 66% of the outstanding portfolio, in FY 17-18, was rural as compared to 43% as on March 31, 2017. Going forward, NBFC-MFIs have huge growth opportunities by capturing market share from unorganised financiers, getting newer customers into their fold, increasing penetration with existing customers, and entering new geographies.

In addition to focussing on improving PAR, the microfinance



industry also prioritised the implementation of innovative methods to make the system cash-light. Digitalisation has impacted almost all aspects of the financial services industry, which results in higher financial inclusion and increased benefits for customers. The use of technology has helped MFIs grow at a fast pace, improve efficiency, lower cash usage and turnaround times, develop new product platforms, provide better services to customers and use analytics for portfolio monitoring and improve quality of credit appraisal. The models include disbursing directly into customer bank accounts and collection using new payment methods like AEPS, UPI, new age Payments Banks etc. Majority of MFIs have moved towards loan disbursements through bank accounts. As per MFIN, 73% of complete disbursements were in cashless mode in Q4 2017-18 and 28 MFIs are disbursing 90% of their loans to customer digitally.

A strong backend technology platform helps companies scale up faster since the same processes can be easily replicated across geographies. To improve efficiency, many MFIs have provided tablets to their loan officers. This has made life easier for the loan officers, who were earlier required to visit branches in the morning to get the demand and disbursement sheets printed and again in the evening to update data. Digitisation is also helping the microfinance institutions in monitoring the already disbursed loans as the data on each borrower is available in the digital form and can be accessed easily. Paperwork has reduced with the use of tablets; entries are made in real time as and when the disbursement happens or repayment is made. Also, data entry errors have been reduced to a large extent. This has helped in a better control of the business, reduced costs and improved productivity.

Payments bank is a new model of bank licensed by RBI and can accept a restricted deposit, but cannot lend loans or credit cards to customers. Tapping this opportunity, the first mover MFIs have collaborated with Payments banks to provide payment and remittance facility in remote areas where banking penetration is very low. With operationalization of these banks and the use of e-KYC, opening a new bank account is now a matter of minutes and MFIs play an important role in educating customers of these financial services.

According to Crisil, Bank MSME credit growth slowed to 6-8% CAGR once again (fiscals 2015 to 2017) on mounting concerns over asset quality, capital issues with public sector banks and demonetisation. NBFCs are acquiring bank customers by offering them higher loan amount, better services and a faster turnaround time. Additionally, NBFCs have improved their operating efficiencies by increasing online presence and using analytics to analyse the creditworthiness of customers, and focusing on building relationship with MSME customers. Compared with banks, NBFCs have a niche focus and, hence, are able to grow their MSME portfolio at a much faster rate. Also, NBFCs specialise in offering customised products, based on their better understanding of the market.

A lot of progress has been made in the past five-seven years to bring in more unbanked areas into the formal banking system. The Reserve Bank of India (RBI) and the government have taken a number of measures to broad-base financial inclusion such as Business Correspondent (BC) model, introduction of new technology-led products and services, financial literacy programmes, introduction of payment banks and small finance banks, Aadhaar card, PMJDY and Micro Units Development & Refinance Agency Ltd (MUDRA).

The Year 2017-18 for Arohan

Arohan touched new horizons by crossing a total loan portfolio of INR 2171 Cr in March 18, with the previous year's AUM at INR 1014 Cr depicting a growth of over 100%. Arohan is now the 7th largest NBFC-MFI in the country and largest one registered out of the east. A key milestone of our Vision statement, Arohan successfully extended its services to over 11.37 lakh customers in eleven states through a network of 435 branches, manned by an employee strength of over 3318.

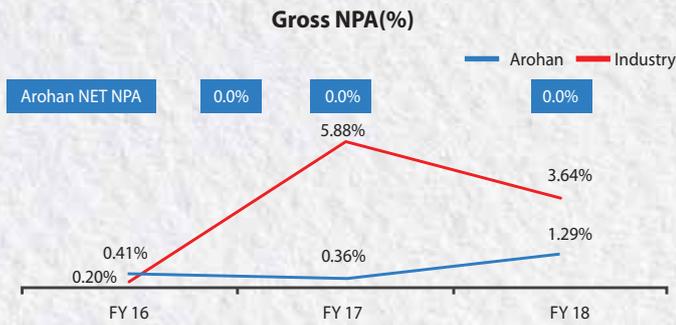
In 2017-18, Arohan has started microfinance operations in two new states of Tripura and Uttar Pradesh and has started 163 new microfinance branches in nine of the lowest income states of India increasing our branch outreach by 60% from FY 2016-17.

Arohan also successfully merged IntelleCash, the group MSME lending business based out of Mumbai. With this merger, Arohan will be one of the few companies in the country which can cater to the financial needs of micro entrepreneurs as well as MSME business owner providing a loan size of INR 10,000 to INR 7,500,000. In spite of the challenges thrown in by demonetization, Arohan performed far better, both in terms of business, as well as, portfolio quality vis a vis other entities of the sector. Arohan's total loan portfolio grew at over 100% y-o-y as compared to the industry growth rate of 27% and NBFC-MFIs segment growth rate of 48%. Despite lingering impact of demonetization on portfolio quality of MFI loans, Arohan performed better than its peers in the industry. Our net NPA has remained at 0% as on March 31, 2018 and while PAR 30 and PAR 90 stands at 1.70% and 1.23% for us, while the same are 4.44% and 3.64% respectively for the industry across India.



Region	BP		CP		DP		Ip		Inclusix
	2016	2013	2016	2013	2016	2013	2016	2016	2013
South	77.3	69.7	91.6	88.7	95.3	83.1	72.2	79.8	76
West	60.1	54.1	59.1	37.3	78.5	60.5	67	62.8	48.2
North	55.9	49	44.8	32.8	77	59.1	44.3	51.7	44
East	42.8	43.1	42.5	35.1	68.1	44.8	49.1	48.2	40.2
North-east	42.5	41.2	47.7	35.8	63.7	45.9	41.5	46.5	39.7
India	57.2	52.4	56	45.7	78.3	60.3	54.3	58	50.1

Source: Crisil Inclusix 2018



In order to penetrate deeper into the low income states and address the financial needs of the bottom of the pyramid, we extended our partnerships to 10 smaller MFIs through our inorganic channel. These partnerships helped us serve over 40000 customers in seven of the LIS. Our Inorganic partnership outstanding also grew by 162% to reach INR 106.7 Cr, contributing to 5% of Arohan's total portfolio. Aligned to our focus on bringing high quality products, as well as, services to our customers, several new initiatives and products were implemented during the year. Arohan migrated to a state-of-the-art loan management system from FIS called Profile. This effort further built on our ability to communicate with our customers instantaneously, and serve them better. We also introduced a mobile app Arohan e-Bazaar, where our customers can directly browse various utility products provided by our third party partners through a mobile application. Arohan's pioneering effort of introducing this app based e-commerce platform was further streamlined with partnerships with service providers across locations to deliver the product at door step of the customer. Our customer centric, client protection principles and transparent approach is well recognized in the industry and our SMART Campaign Certifications was re-affirmed in 2017.

To improve its operational processes, Arohan reinforced "Perdix", the centralised digital audit management system. As a fully automated technology tool for audit, it is specifically aimed at improving the efficiencies of the audit function and has significantly improved Audit Team Productivity and lowered TAT. We also adopted data analytics tool provided by CRIF High Mark in our operations for reviewing quality parameters such as PAR, market penetration, in addition to formulating comparisons with industry trends and data. This helps us in better selection of new locations for branch expansion and benchmarking our performance with industry.

Ahead of demonetization, Arohan had already tied up with universal banks and Paytm, a new age Payment bank to bring banking services to its customers. With an intent to make the process cash-light, Arohan started seeding bank accounts for its customers and started loan disbursements into the same. In the newest state of our operation i.e. in UP, we are disbursing 100% in the cashless mode. We have also partnered with Axis Paypro to facilitate cashless

disbursement across the geographies where we operate. This will help in smooth disbursement of loan amount into customers' account improving disbursement efficiency and help customer have an active operative bank account.

Roadmap for FY 2018-19

Arohan aims to increase its outreach to the tenth low income state of Madhya Pradesh, identified as a part of its Vision statement and increase its connect with customers in the existing states of operation, We are looking towards increasing our outreach to microfinance customers through growing organic, as well as inorganic channels, and to the MSME customers through MSME lending segment in newer tier-II cities. Arohan will work towards bringing together the remaining elements of the IT road map - Tab/FIS sync, tab based collections, accounting module activation, Adrenalin HR system implementation and sync with FIS and the other business requirement upgrades while building on key initiatives like cashless/cash-light amongst others. We will also continue our focus on improving our product offering to our customers, passing on benefits of our lower cost of funds to the customers and enabling them to move forward steadily while facilitating digital financial inclusion for all. Towards becoming one of the preferred employers in the sector and geography in which we operate, we will work with the Great Place to Work (GPW) organization. GPW initiative helps in building a workplace culture characterized by high-trust and high-performance and would be a critical driver of business success in Arohan's onward journey. It seeks to create a unique culture based on the current strengths of the organization and also identify a set of attributes for a distinct Employee Value Proposition, for both current and future employees.



The Break Of Dawn

It is from darkness that we are led to light. Just when the sky seems to become its darkest, we see the Sun show up to continue its journey up the sky. Arohan's operational and business processes maximized in efficiency when the effects of demonetization were weighing heavily on the industry. With its focus on customer centricity, through product diversities and process innovations, Arohan is one of the most trusted microfinance organisations in the industry.

Financial year 2017-18 witnessed the dawn of Arohan's organisational forte, amidst ground level challenges, of improved operational performance, financial growth and new initiatives. We have gone from strength to strength throughout the year winning over limitations. With a strong focus on quality, Arohan maintained a growth rate of over 100%, expanding in new territories and most importantly strengthening its technology platform for a sustainable growth. Our portfolio has grown by a significant 114%, which was made possible with Arohan expanding its reach in two new states of Tripura and Uttar Pradesh and deepening its extent in the existing areas of operation.

Business growth was driven through organic, as well as, inorganic channels with a well-crafted product diversification strategy, helping us serve our customers better, adding to the overall portfolio. With the merger of IntelleCash in March, 2018 Arohan emerges as the only NBFC-MFI to have a thriving Merchant Cash Advance (MCA) and MSME lending business of INR 75 Cr across four locations of Kolkata, Mumbai, Pune and Lucknow in the non-qualifying assets space.

As on March 31, 2018, Arohan's total Asset Under Management stands at INR 2171.23 Cr, serving a customer base of 11.37 lakh from 435 branches, manned by an employee strength of 3318 across nine states.

The following rating and grading upgrades in FY 2017-18 bear testimony to the consistent and sustainable operational set-up of Arohan:

- **A CARE MFI 1 Grading:** Arohan has been

awarded the highest rated MFI 1 grade from CARE Ratings, for the second consecutive year. The grading which is assigned on an 8-point scale with 'MFI 1' being the highest, makes Arohan the only NBFC-MFI based out of the East to be rated with the top-notch MFI1 and enables it to retain its position among the elite league of MFIs in India that are graded as MFI1.

- **An SP2+ Social Performance Rating:** Arohan was assigned a Social Performance Assessment (SPA) Grade of SP2+ by ICRA in the month of February, 2017. The score has improved from 73 to 77 this year. The grade is an opinion on the ability of a MFI to conduct its operations in a scalable and sustainable manner.

- **SMART CAMPAIGN CERTIFIED:** Arohan was awarded the Smart Campaign certification from MCril - Client Protection Principles in May 2015 and has successfully undergone the surveillance audit in December 2017. Smart Certification status is valid for four years provided the certified institution undergo a surveillance process in two years - by determining whether a microfinance organisation adopts experienced, transformative and institutional-level changes and by reviewing the weak areas identified during the original certification, the two-year surveillance audit. The certificate will be valid till May 2019.

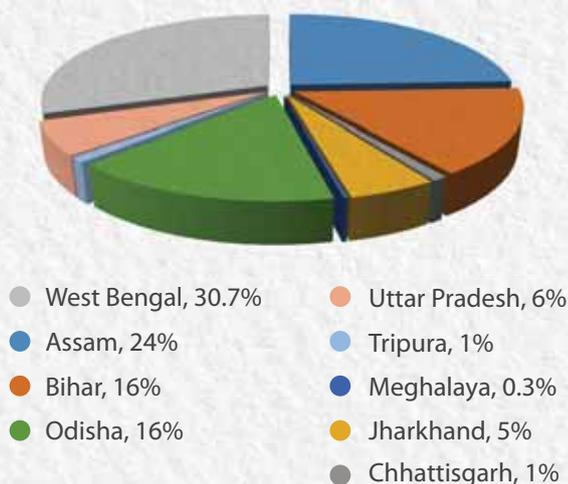
Outreach

Arohan has added 163 new microfinance branches to its geographic span in the financial year 2017-18, almost 60% growth in the brick and mortar spectrum, taking the total branch tally to 435. Of



the 163 new branches, 69 were opened in the new states of Uttar Pradesh (61) and Tripura (8) while the remaining 94 branches were opened in the existing states. As of March, 2018 Arohan is present in 90% of the districts in Odisha, 78% of the districts in Bihar and West Bengal and 74% of the districts in Assam. The number of districts covered has increased from 93 in FY 16-17 to 154 in FY 17-18.

State wise Portfolio Outstanding(Organic)



In the financial year 2017-18, West Bengal's share in the total portfolio has come down to 30% versus 39% in FY 16-17 and 47% in FY 15-16 representing a major development in the way of regional diversification and therefore, risk mitigation.

With the merger of IntelleCash into Arohan, we also marked our presence in Maharashtra and Karnataka taking the state count to 11. Nine of the 11 states, as well as, 118 of the 156 districts of our operational area are underbanked. In accordance with Arohan's Mission statement, this results in the organisation securing a firmer footing in the underserved areas of the East, North east and Central parts of India and becoming a key player in the national priority of financial inclusion.

Growth in Business

In the financial year 2017-18, Arohan's Assets Under Management has grown by 114% and its CAGR for the last three years has grown at 78%. The growth in the financial year 2017-18 is a result of Arohan's expansion strategies, which included growth in the branch network and a natural progression in ticket size to meet the customers' growing demand helping organic growth, growth in the number of partners and outstanding in our inorganic channel and the merger of IntelleCash active in MSME lending in March, 2018. The clientele has increased from 7.20 lakh in FY 16-17 to an exponential 11.37 lakh during FY 17-18. With an average loan outstanding per customer clocked at INR 18,259 in organic business and INR 19,092 together in inorganic and MSME businesses, the total disbursement in the year was INR 2430 Cr, which is more than a double of the previous year.

In accordance with its mission to become a full-scale financial inclusion player, Arohan has adopted a two-pronged approach:

- (1) Product Spectrum - Stronger connect with existing customers through introduction of new products, in terms of need and ever-changing trends
- (2) Business Spectrum - Expanding the customer base through different credit products and business lines while foraying in new regions

Product Spectrum

Arohan's flagship product, 'Saral' continues to hold a dominant share in the organisation's portfolio, constituting 88% of the Gross Loan Portfolio (GLP). The product is for economically active women residing in low-income areas, generally involved in trade and service. Based on their repayment behaviour higher ticket size loans called **Saral Plus**, are offered in the second and subsequent cycles. While the share of portfolio with ticket-size 25000 and above is 62% (compared to 53% in FY 16-17), the share of portfolio with ticket size 40,000 and above is 16% (compared to 2% in FY 16-17) depicting stronger customer associations.

The '**Bazaar**' product caters to the male segment of the market who normally deal with goods related to domestic needs (food, grocery, stationery, etc.) and conduct their business on a daily basis in a Municipal or Panchayat authorized markets or clusters of shops organized under a Traders Association, registered or unregistered. In order to meet the customer requirements better and build on the product, '**Bazaar Fortnightly**' was launched in December, 2017 which allows repayments every fortnight. The upgraded frequency was widely accepted in the market and made for a brisk business in the four months after its launch. More than 4,600 accounts were disbursed amounting to INR 13.89 Cr during the quarter from December, 2017 to March, 2018. Total Bazaar portfolio as on March 31, 2018 is INR 33.7 Cr, which is 2% of the organisation's total microfinance loan portfolio.

Another product '**Premium**' which is meant for individual entrepreneurs involved in non-farm enterprises and graduating Saral and Bazaar Plus customers, has a portfolio of close to INR 4 Cr serving 1,210 customers. This product offers a ticket size ranging from INR 50,000 to INR 2,00,000.

Microfinance Plus Products

Arohan's approach towards financial inclusion seeks to play a role in most of the product and service requirements for our customers. This, apart from credit, makes us focus on financial and non-financial cross-sell. On financial cross-sell, we seek to cover insurance (life and non-life), banking accounts, pension products, remittances and investment services. On the non-financial front, Arohan offers a wide range of need-based utility products ranging across solar lamps, mobile phone, water purifiers, bicycles and other consumer products.

Arohan has been fostering third-party partnerships with

insurance agencies like Bajaj Allianz Life Insurance Co. Ltd. and Future Generali India (FGI) offering enhanced group term and general insurance products to customers. The Hospicash product of FGI gained great momentum in FY 17-18 as 4.3 lakh customer were brought under its coverage of Hospicash. The product is designed to protect the income of upto INR 500 a day in the case of a customer being hospitalized due to ill health or accident. In comparison to FY 16-17 when it covered 1.11 lakh customers, the product has experienced a four-fold growth this year.

To help our customers situated in remote areas where access to electricity is scarce, Arohan offers Solar Lanterns at reasonable price in credit, as well as, cash. In FY 17-18 more than 90,000 of Arohan's customers had purchased solar lanterns, compared to 30,423 in FY 16-17.

Arohan believes that a good product is the most important way to approach, acquire and retain consumers. To this end, Arohan has made business partnership with different e-commerce service providers like Inthree Access, Dharma Life and Arihant. Through the mobile application service called 'Arohan e-Bazaar' which is an online catalogue of branded consumer products (like washing machine, mixer-grinder, refrigerator, pressure cooker, etc.), Arohan makes need-based utility products available to our customers with just a single click of the app loaded on the loan officer's tab. All the partnerships have been initiated keeping customer needs and benefits as the top-most priority.

The Account/ Customer ratio stands at 1.45 as on March 31, 2018, which means on an average each of our customers have 0.45 accounts with Arohan, over and above their credit accounts. All the partnerships have also helped Arohan diversify the revenue stream to a large extent. The total loan portfolio of cross-sell products as on March 31, 2018 stands at INR 11.15 Cr, which is a three-fold growth over March 31, 2017.

Business Spectrum

BC Portfolio

In the financial year 2017-18, Arohan continued its efforts of stabilizing its Banking Correspondent partnership with IndusInd Bank Limited. We have signed a letter of Intent with IDFC Bank to launch BC business in the Beharpore region of Odisha, while 14 branches of Assam work under the BC tie-up with IndusInd Bank. As on March 31, 2018 IndusInd Bank portfolio stands at INR 44.26 Cr. Arohan has also ventured into a unique alliance with PayTM Payments Bank to open bank accounts and eventually facilitate disbursements, withdrawals and repayments on a digitalised platform.

Inorganic Portfolio

Launched in the year 2016, Arohan's Inorganic Business essentially entails tying up with local level entities to either source customers on its behalf, or provide short-term liquidity/ portfolio purchase to fund credit to microfinance customers in its strategic areas of interest which are the low income states of the country, especially in the East, North

East and Central India. This has been an extremely successful initiative by the company. In FY 17-18 the business was further consolidated crossing the INR 100 Cr benchmark, made successful with 10 partners, catering to nearly 48,000 customers across West Bengal, UP, Bihar, Jharkhand, Odisha, and Assam.

The idea in promoting the inorganic business was to create a win-win-win situation - by providing end clients with access to fund with low TATs, enabling our partners to service their customers and strengthen relationships while benefiting from Arohan's strong operational and technological processes, and for us as a company to benefit from spreading out in areas where we otherwise may not have entered organically.

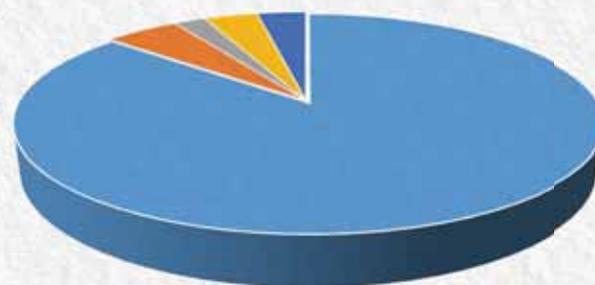
In the financial year 2017-18, new partners were on-boarded with JCSPL in West Bengal, Nightingale Finvest Pvt Ltd from Assam and Swayamshree Micro Credit Services and Adhikar from Odisha.

MSME Business

With Intellecash's business merging into Arohan, the organisation emerged as a unique NBFC-MFI to have a vibrant MSME lending business offering loan sizes from INR 1 lakh to INR 75 lakhs. Intellecash's portfolio was INR 75Cr across four locations, as of end March, 2018. It offers working capital facilities to POS enabled merchants through Merchant Cash Advance (MCA) and online players through ACH.

Arohan seeks to optimise the non-qualifying asset space, diversify its offering and client segments and penetrate deeper in the ten focus states with this offering.

Split of AUM, as on 31.03.18



- Organic Own- MF 87%
- Partnership 2%
- Inorganic 5%
- MSME 4%
- Securitized 2%

Process Streamlining

Operation Structure

The RO-ZO structure that was created at the beginning of FY 16-17 was further streamlined in FY 17-18 to achieve better control and optimise allocation. At the beginning of FY 16-17, the 40-branch RO was replaced by a 30-branch RO. Zone IV, consisting of Odisha and Chattisgarh, was carved out from Zone I which then consisted of West Bengal, Odisha and Chattisgarh. As on March 31, 2018, the entire organic



operation is categorised under five zones where Zone I refers to West Bengal, Zone II refers to Bihar and Jharkhand, Zone III is defined as north-eastern part of India constituting Assam, Tripura and Meghalaya. Zone IV is defined as Odisha and Chhatisgarh and Zone V is the newer territory of Uttar Pradesh. Each zone has two to three Regional Offices (RO) and each RO has five to six areas mapped to it. Under each area there are four to six branches.

The model of six-member CSR that we had since 2006, has been revised to a five-member CSR model which has been made possible due to the implementation of updated technology for efficient operational processes. In case of a relatively larger branch, serving more than 5000 customers, 6 CSRs have been deployed for better control. In the present structure each branch would have one Branch Head supported by a team of five-six CSRs.

Technology Enhancements

The financial year 2017-18 has witnessed several new initiatives taken and implemented in technology front. Arohan migrated into a globally recognised Core Banking System in the month of July, 2017 replacing its earlier Loan Management System. The CBS solution, called Profile, is provided by FIS.

The system compliments Arohan's loan sourcing, as well as, collection process which runs on a mobility platform. Arohan is first among its peers to facilitate a completely paperless front-end, across thousands of its field employees. With the implementation of new technology, adaptation and trainings across the field became most important. The entire field force spread in more than 300 locations were trained in the adaptation of the new technology. Trainings were done in multiple phases and was completed within a record time of three months.

In the wake of demonetization, in Q3 of FY 16-17, Arohan enhanced its focus on the cashless disbursement process. In FY 17-18, 11% of the disbursements were made in the cashless mode, where as in Q4 alone the cashless mode has a share of 17% of the disbursements for the quarter. Uttar Pradesh which started its operation in Q3 of FY 17-18, has disbursed a record 95% plus in the cashless mode. Going forward, Arohan will continue to explore avenues of digital transactions for disbursements, as well as, repayments.

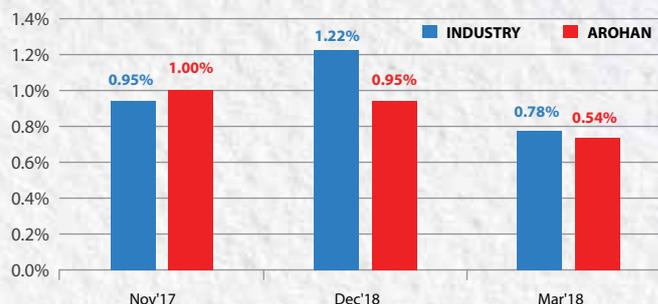
Portfolio Quality:

Due to the cash-crunch caused as an aftermath of demonetisation, the microfinance sector's portfolio quality had been severely hit during FY 16-17. This has since recovered to a large extent in FY 17-18 as shown by industry reports on a quarterly basis.

Arohan managed the entire period much better than its peers both on collection from pre-demo portfolio and the quality of new portfolio written post the demonetisation period. Through several initiatives like sending legal notices to delinquent clients, extraordinary centre meetings (special centre meetings for delinquent customers), recovery CSRs (special field officers to focus on recovery efforts), supported

by robust monitoring mechanisms.

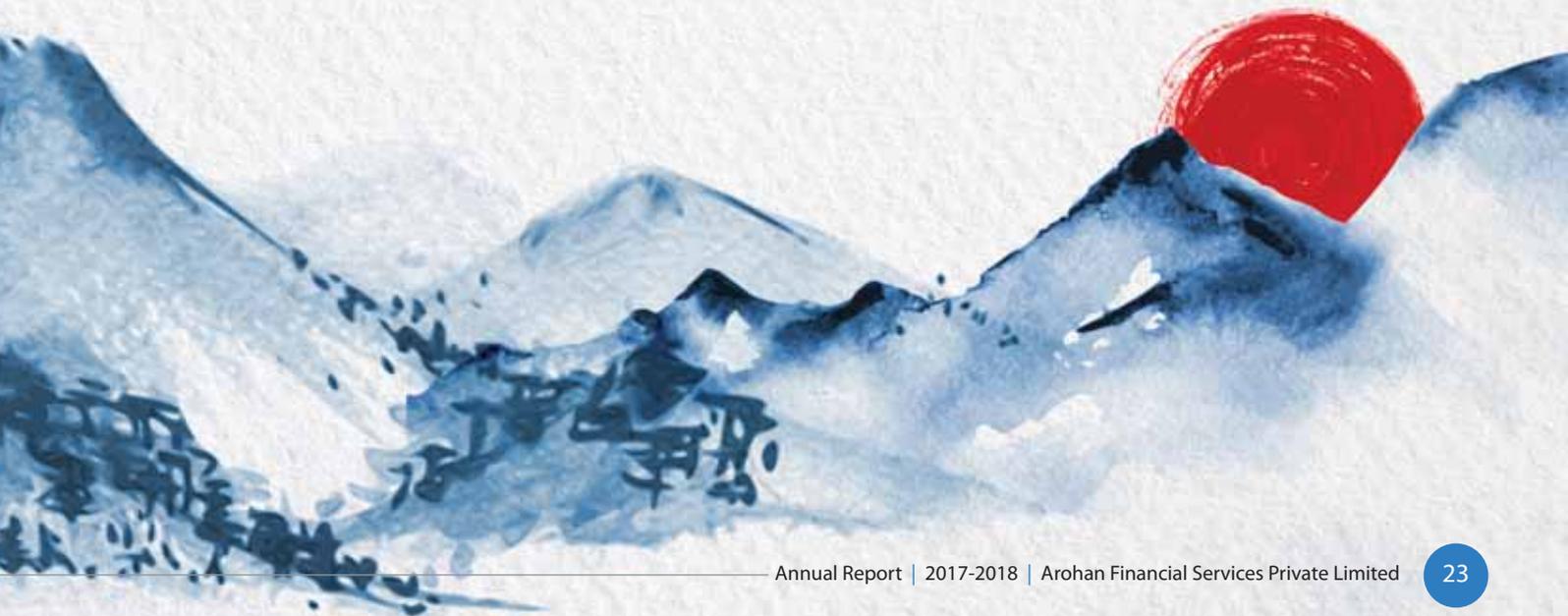
Net New Pool PAR 30 - Portfolio since Feb'17



Note: This graph depicts how Arohan has performed on the loan disbursed since Feb'17. Clearly, portfolio quality is better for Arohan as on Mar'18 as compared to the Industry.

With these continuous efforts, Arohan maintained a high collection efficiency and recovery rate post the demonetization impact. This has led to a better net new pool PAR 30 - 0.54% for Arohan as compared to the 0.78% of the industry. Arohan is the only NBFC-MFI among the top 10 NBFC-MFIs and SFBs who has maintained a net NPA level at 0% as on March 31, 2018.







Light Up The Horizon

Clouds play an important role in scattering white sunlight as it passes through the Earth's atmosphere, to light up the horizon red and orange. The confidence of its shareholders and lenders allows Arohan to raise ample equity and debt on good terms. The organisation is thus, well up the edge to leverage both operationally and financially.

Financial year 2017-18 has been an eventful year for Arohan while it braved the challenges of the external environment. The company has witnessed an expansion of 114% y-o-y on the gross portfolio to cross the landmark INR 2100 Cr. The significant growth was made possible with the expansion of reach in the two new states of Uttar Pradesh and Tripura and scaling up our business from 272 branches in financial year 2016-17 to 435 branches as on March, 2018.

Arohan closed the year with healthy financial results:

- Total Revenue grew by 52% to INR 327 Cr
- Profit before Taxes grew by 10.69% to INR 45 Cr
- Return on Equity of 7.80% compared to 8.05% in the previous financial year

Dip in ROE was mainly due to lower PAT on account of higher provisioning, which also resulted in lower growth of PBT as compared to the previous year. With just the normal provisions for growth, like in a standard

year, the ROE would have been 15.04%

- A leverage of 4.9 compared to 2.4 in the previous financial year
- Cost of borrowing improved to 11.47% from 13.46% in the previous year

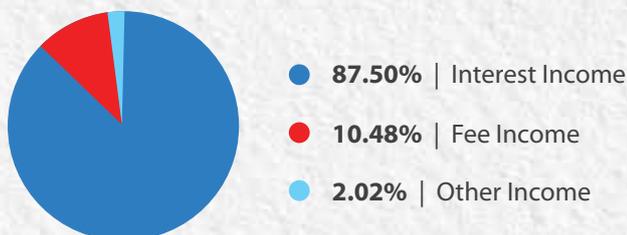
All the above were a result of achieving increasing economies of scale, higher level of operational efficiency and strength. Arohan's branch network grew by 60% (from 272 to 435) while the employee strength grew by 36% (2445 to 3318). The company ensured a comfortable fund position throughout the year to support its business expansion. The borrowings outstanding at the year-end were close to INR 1865 Cr. An analysis of the Company's financial performance for the financial year 2017-18 as compared to the previous year is given below:



Income Statement Analysis

Revenue

Break up of Revenue for FY 2018



Revenue has grown by 52% from FY 16-17 to FY 17-18. While the interest income grew by 57%, the fee income grew by 48%, contributing to the overall increase in profitability. Fee Income mainly includes loan processing fees, business correspondent fees income, fees from cross-sell and profit from portfolio buy-out and securitization.

Expenditure

Interest expenses have increased by 25% y-o-y in line with increase in borrowings to fund loan growth. Considering the employee count has increased from 2445 in FY 16-17 to 3318 in FY 17-18, employee costs increased from INR 44 Cr in FY 16-17 to INR 69 Cr in FY 17-18 showing 58% increase over previous year while the administrative costs increased by 62% from the previous year due to the opening of 163 new branches during the financial year.

Ratios	FY 16-17 Actual	FY 17-18 Actual	Growth
Yield	23.40%	21.86%	-7.00%
Qualifying assets	91.40%	88.80%	-2.84%
Opex	7.83%	6.68%	0.15%
ROE	8.05%	7.80%	-3.11%
Leverage	2.4	4.9	104.17%

The opex ratio decreased primarily due to growth in AUM over last year resulting from branch expansion which increased from 272 branches in the beginning of the year to 435 branches at the end of the year.

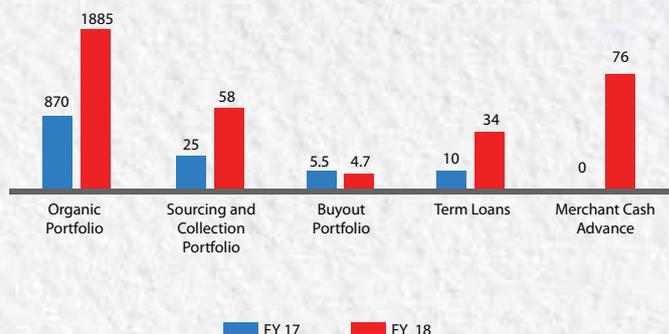
Balance Sheet Analysis

LOAN PORTFOLIO

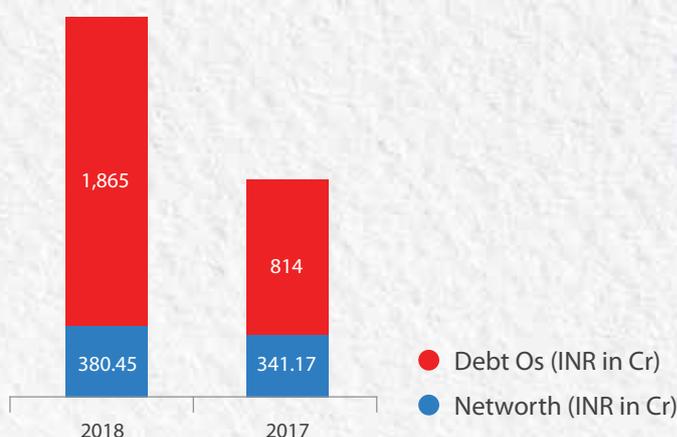
Arohan achieved 114% growth in GLP from last year and crossed the INR 2100 Cr mark. This was due to the growing business, operational strength achieved in existing, as well as, new areas of operations such as Tripura and Uttar Pradesh and the addition of the IntelleCash MSME portfolio. Off-balance sheet portfolio which includes securitized and BC partnership portfolio noted growth of 9% as compared to the previous year. We successfully completed one securitization deal to the tune of INR 40 Cr with DCB/IFMR

Capital and an assignment deal with State Bank of India for INR 48.4 Cr aggregating to INR 88.4 Cr.

Portfolio Growth in INR Cr.



Net Worth

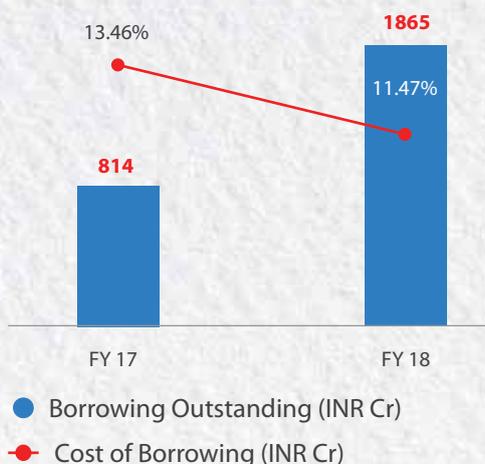


BORROWINGS

Despite a challenging external environment posed due to demonetisation, Arohan retained its credit rating at A-. This is a testimony of the faith our investors and lenders have in the organisation. In the financial year 2017-18, Arohan established new relationship with a large number of PSU Banks like Dena Bank, Oriental Bank of Commerce, Syndicate Bank, Andhra Bank, Bank of India, Private Banks such as HSBC Bank and Woori Bank and reputed NBFCs such as Mahindra & Mahindra.

Increased relationship with PSUs and better negotiating power with other lenders due to a superior credit rating re-affirmed at A- has helped us significantly reduce the average cost of borrowing by 2% from financial year 2017-18 to financial year 2017-18. Lower cost of funds resulted in massive cuts in lending rates from 22.99% in April, 2017 to 20.99% in March, 2018 helping us passing on the benefits to our customers and thus making Arohan more competitive in the microfinance industry.

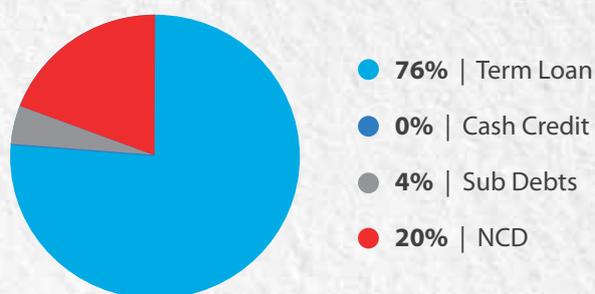
The below chart depicts the scale of increased exposure with PSU Banks from 33% in FY 16-17 to 37% in FY 17-18.



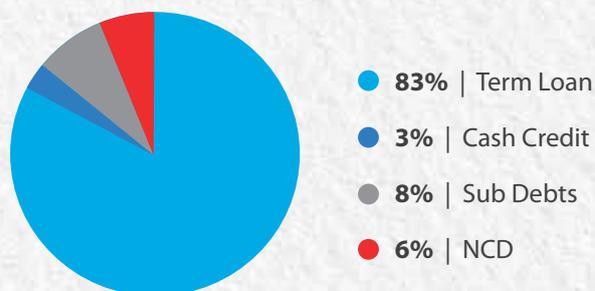
Borrowing Instrument Mix

During the financial year 2017-18, Arohan raised INR ~1900 Cr of sanctions with multiple large sized slices including INR 200 Cr of direct assignment deal with the State Bank of India and INR 100 Cr of term loan each with RBL Bank and NABARD. Arohan raised INR 110 Cr of cash credit facilities which helped it in improving its cash flow management and also helped raise INR 115 Cr of sub-ordinate debt in the form of term loan and NCD. This in turn helped the organisation raise its capital adequacy ratio to 23.63% which is well above the regulatory requirements. Arohan has drawn-down funds to the tune of INR 1682.53 Cr in this financial year. Further, we have successfully closed INR 45 Cr of PTC deal with DCB Bank and INR 50 Cr Assignment Deal with the State Bank of India. The below chart depicts the instrument wise bifurcation of borrowing outstanding in FY 16-17 and FY 17-18.

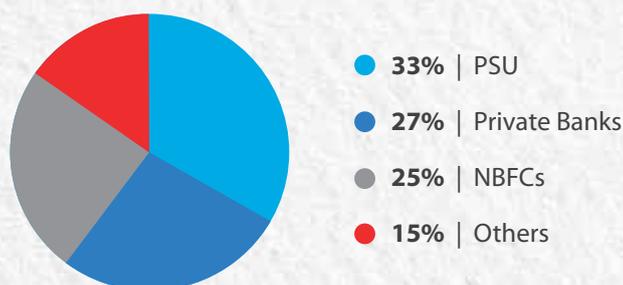
Instruments MIX as on March 31, 2017



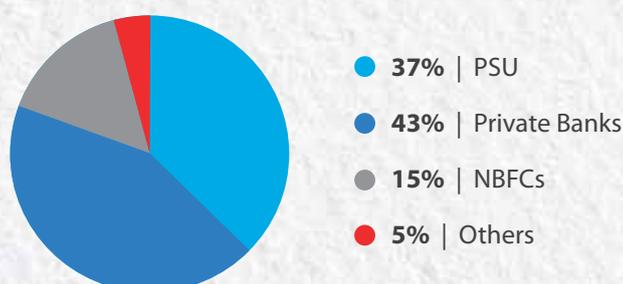
Instruments MIX as on March 31, 2018



Borrowings: INR 813.5 Crores as on March 31, 2017



Borrowings: INR 1865 Crores as on March 31, 2018



RATINGS

Arohan's Credit Rating was re-affirmed at 'CARE A-' in August'17. The ratings draw comfort from various factors such as the Company's diversified funding profile, experienced promoters and management team, improvement in financial performance, superior risk management, adequate IT infrastructure, to name a few. The credit rating of unsecured subordinated Tier II Debt was revised upwards from 'CARE BBB+' to 'CARE A-'. The revision was mainly due to consistently comfortable CRAR, satisfactory financial, as well as, operating performance of Arohan. We also retained the top-notch grading of 'CARE MF11' on an eight-point scale with 'MF11' being the highest. The grade reflects Arohan's highest levels of competence to undertake microfinance



activity and shows that the organisation operates with a high level of transparency, has a robust operational set-up, has the scale, a diversified outreach and is a sustainable entity, both financially and operationally.

Arohan is the only NBFC-MFI based out of the East to be rated with the top-notch MF11 and enables it to retain its position among the elite league of MFIs in India that are graded as MF11.

Facilities	FY18	Remarks
Long Term bank facilities	CARE A-	Reaffirmed
Non-Convertible Debentures - Secured	CARE A-	Reaffirmed
Non-Convertible Debentures - Unsecured	CARE A-	Upgraded from CARE BBB+

FINANCIAL RESULTS

Particulars	Actual (INR in lakh)	Actual (INR in lakh)	Growth
	Mar-17	Mar-18	In %
SOURCE OF FUND			
Capital	8,227	8,822	7%
Reserves and surplus	25,890	29,222	13%
Net Worth	34,117	38,044	12%
Loan Fund	81,355	186,506	129%
Provision	1346	2976	121%
Total	116,818	227,526	95%
APPLICATION OF FUND			
Fixed Assets	742	1033	39%
Investment	5	7	32%
Gross Loan Portfolio	101,479	217,123	114%
Less : Managed & Securitised Portfolio	10,455	11,368	9%
Own Portfolio	91,024	205,755	126%
Cash in Hand	13,854	8,961	-35%
FD (Maturing within 12 M)	5,198	8829	70%
Cash & Bank	19,052	17,790	-7%
Net Current Assets	5,995	2,941	-51%
Total	116,818	227,526	95%

Write-offs & Provisions

Provisions mainly includes provision against assets and those against employee benefits. Asset provisioning has increased mainly due to an over-all increase in asset base. In addition, the organisation has made a write-off for clients aging in excess of 365 days for an amount of INR 34.05 Cr on account of demonetization.

Fixed Assets

Fixed Assets have grown substantially mainly on account of implementation of Core Banking Solution from FIS which went live on July 4, 2017. Cost incurred on mobility solution ensures paperless and efficient operations. Other capex cost includes expenses incurred for branch expansion and RO set-ups.

Cash & Cash Equivalents

Balance in Cash and Cash Equivalents is primarily due to the result of fund drawn to the tune of INR 180 Cr during the last week of March, 2018 to cover the business requirement for the 1st Quarter of the financial year 2018-19.

Fee Income

The total fee income for FY 2017-18 is INR 33.26 Cr contributing to 10.34% of the total revenue from operations. Out of the total income fee earned, 46% has been earned through loan processing fees and the remaining 54% has been earned through Cross Sell, Securitization, Profit on Buyout and Business Correspondent Commission Income in 22.38%, 13.94%, 1.05% and 16.60% respectively.

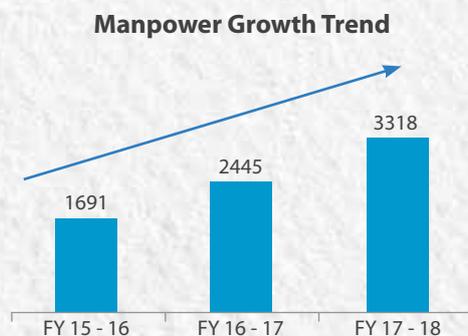


The Source Of Strength

Life, as we know it, would not be possible without the Sun. The source of life on earth, it is not only responsible for the germination of the ecosystem, but also its sustenance. Intellectual capital and people strength are key to the sustenance of an organisation. Arohan's Human Resource Development function is structured to build on its resources while supporting the growth momentum of the organisation.

HUMAN RESOURCE

Intellectual capital and people strength are the two resources vital for the success of any organisation. In a dynamic industry such as an NBFC-MFI, how an organisation attracts, retains and nurtures talent are the key determinants to its success. Crucial Human Resource concerns in MFI such as shortage of skills, high levels of attrition amongst field employees and an ever increasing competition for manpower supply across its areas of operation are the challenges Arohan has been able to successfully overcome with proper planning and execution. Guided by the board, and supported by a remarkably strong management team, Arohan has grown its employee base by more than 36% from 2445 employees in FY 16-17 to 3318 employees as on March 31, 2018. Arohan serves over 11 lakh customers through a network of 435 branches in 9 low income states and MSME branches in Maharashtra and Karnataka.



One of the key requirements of Arohan's recruitment strategy is to employ people with the best fitment to the organisation's vision and culture. This adds to the sense of belongingness

among employees and strengthens the organisation's people strength. In a very difficult year and a competitive external environment, we have managed to marginally improve its retention percentage to 71%.

Recruitment through HTD model

Arohan has partnered with the Confederation of Indian Industry (CII) to create the Arohan-CII Training Academy which operates as a captive centre to on-board, train and deploy Arohan field employees across its areas of operation. The academy has been piloted in Uttar Pradesh and will soon be scaled up.

In a manpower intensive industry with moderately high attrition rate the challenge is to deploy trained manpower across geographies, at regular intervals. The Arohan-CII Training Academy thus aims to address the following:

- Quick turnover in fulfilling manpower requisition
- Control early attrition rate and bettering retention
- Increase cost effectiveness and productivity by partnering with an agency having core competency in training and capacity building

Career Progression:

Career Progression is an integral part of the HR strategy of Arohan. We have a well-defined grading and banding process. Job description of each position is well defined and expectations are documented and well-articulated. Internal Job Posting (IJPs) are conducted at regular intervals and employees are encouraged to participate



and undergo the selection process. For senior level IJPs, Assessment Centres are conducted with the help of external agency. In the financial year 2017-18, more than 12% of our total field force qualified for a higher position through the IJP process.

Management Trainee and Internship programmes

Arohan Management Trainee programme aims to acquire young talent, foster and develop them into managers of tomorrow. The objective of the programme is to create an in-house talent pool across functions to strengthen the middle management, encourage innovation and provide workforce diversity. In the financial year 2017-18 the second batch of seven MTs from leading management institutes such as IIRMA, XIMB, XISS, KIIT, IISWBM and Utkal Agri Business, inducted through the programme, completed their year-long training and have now been absorbed in the organisation. The first batch, in the financial year 2016-17, had five MTs from leading management institutes.

Employee Connect Initiatives:

A people-led organisation, Arohan understands the importance of creating an environment that ensures last mile connectivity with the field employees. The organisation's communication channels are varied and each serves a different purpose.

Sparsh - Arohan employs and trains young men and women who may or may not be graduates, often giving them their first opportunity to earn for their families while shaping their own careers. The Sparsh programme was developed to provide a structural approach to connect with the new joiners and mentor them while they are settling in the organisation.

Sahayta - The Sahayta initiative, operational since April 2016 is a HR help desk service for all employees. Each regional HR department has a dedicated number for their respective region. This number is operational during working hours and employees can connect with their Regional HRs for any queries related to policy, employee benefits, working conditions, leave, transfer etc.

Sarathi - Sarathi is an employee grievance redressal programme. Arohan follows an Employee Grievance Redressal Policy with a dedicated Grievance Officer and a Grievance Redressal Committee.

Weekly Communication Hour - The Weekly Communication Hour is a structured weekly communication plan which aims to create an alignment with organisational goals. Employees in the field operations are updated on the organisational developments and key priorities. Information about any new initiatives by any department is also shared. The Area Managers use the Weekly Communication Hour to interact with the branch employees.

Hum Saath Saath Hai - This is a unique employee engagement initiative where cross functional teams are created in the Head Office to connect with employees in the

regions. Revamping the initiative in the financial year 2017-18, 14 teams were formed to connect with the 14 regions Arohan operates in. Each 5-member team is tagged to a region and is led by a Team Leader and guided by an experienced Mentor. The team connects with the field employees in the regions at regular intervals and the employees in turn reach out for swift resolutions with regards to operational issues, if any. The teams can either aid the resolutions themselves or escalate it to the relevant authority following a given matrix. This initiative aims at quick problem resolution, as well as, creating field connect across functions and regions.

Employee Communication Plan - In order to put in place a diverse platform of channels through which communication flows within an organisation, Arohan has devised a new employee communication plan. The platform also creates a provision for employees to voice their concerns and share their inputs. With the rapidly changing business environment and increasing manpower, specific change management initiatives needs focused interventions.

Employee Engagement:

Arohan as part of its Vision statement strives to be amongst the top 10 great places to work with. In March 2016, Arohan participated in The Great Place to Work (GPW) survey. In parameters like Management Competence, Sense of Togetherness, Appreciation & Recognition and Taking Pride in Organisation, Arohan clearly crosses the benchmark score of the financial services sector.

As a focused approach towards reaching this goal, Arohan created a Cross Functional task force at the zonal level to work on some of the employee engagement initiatives for each of the zones. The Zonal Business Head along with the HR Head champions this initiative for his/her zone. The Board has approved a three-phase approach to different process reengineering and interventions with the senior management of Arohan championing the efforts.

Fun at Work

Arohan believes in adding some fun elements to engage with its employees. Celebrations of special and festive occasions at the Corporate, Regional and Branch level form a part of our quarterly activity schedule. Health camps and eye check-up for the employees are also organized at various levels. Employees who have completed a certain tenure within the organisation and those who excel in their work are recognized in the monthly internal newsletter 'Srishti'.

Key HR Initiatives:

Performance Management System (PMS)

Arohan completed its Performance Management Process for 3000 employees who became eligible to be a part of the exercise. Arohan, by practice, follows a 'Balance Scorecard' methodology to determine the KPI of employees and the Bell-Curve method to measure employees' performance. The company also developed a new five-point numeric rating scale methodology in PMS where performance of every employee is measured based on their functional KPI and

key competencies. The competencies are derived from the Arohan Competency Framework, which any employee at a particular grade / band is expected to possess.

Praarambh

We believe that a well-organised induction programme is an integral part of introducing a new employee to the organisation's culture and processes and if done effectively can lead to high levels of employee satisfaction and cost optimisation. With the aim of welcoming new employees into the organisational structure, imbuing a sense of belongingness, aligning them to the organisational processes and policies while making them aware of their professional responsibilities, Arohan launched "Praarambh".

As a part of Praarambh, Arohan has initiated activities such as sending welcome mails before the joining of an employee, welcome posters to help the employee get a glimpse of Arohan, the 'Buddy' programme as the HR special person of contact for new joiners and an upgraded induction schedule.

Prevention of Sexual Harassment: Arohan is an equal opportunity employer and strives to provide a professional work environment free of sexual harassment, exploitation and intimidation. Where sexual harassment is found to have occurred the organization, through its central Internal Complaints Committee, will promptly act to stop the harassment, prevent its recurrence, and discipline and/or take any other steps that it deems appropriate, against those responsible. In the financial year 2017-18, the organization provided awareness sessions on its Prevention of Sexual Harassment Policy to employees across regions. Every employee who joins the organisation is provided a mandatory training after which a declaration is signed by them and documented in the employee information file.

HR Field recruitment portal: KHOJ

As a part of our HR automation process, we developed our first HR portal for the field recruitment process called 'Khoj'. The application, designed and developed by the internal Information Technology team, first piloted in Uttar Pradesh in the month of January, 2018 and has been scaled up since. Khoj is a recruitment portal used as an upgraded appraisal system for prospective candidates to provide step by step validation for each stage, which is to be met for the candidate to qualify for the next stage. The platform seeks to help the Zonal and Regional HR Department keep a track on candidates applying for recruitment process. It provides the HR Department with a detailed summary of the entire recruitment process segregating the data Region-wise, as well as, Zone-wise. Additionally, it cuts down on the time taken for processing of letters such as 'Letters of Intent' as the system is automatic.

Roadmap for FY19

Arohan Code of Conduct

Arohan has formulated The Arohan Code of Conduct and Disciplinary Rules for all its employees to maintain business

conduct, as well as, to ensure compliance as per the Standing Order (Industrial Disputes Act). The Arohan Code of Conduct aims to be the guiding rule book for ethical business practices while empowering the employees to handle ethical dilemmas. Going forward, the Code of Conduct will play an essential role in maintaining the value system of the organisation.

A well-planned staff governance structure will provide the following:

- A framework to attain the company's objectives.
- A scheduled maintenance and timely update of the Governance Framework.
- Establishment and maintenance of operational procedures and analysis of the derived results.
- Demonstration of good corporate citizenship through environmental awareness, ethical behaviour and sound corporate governance practices.

HR Software

Arohan has been recognised for being one of the most tech-enabled organisations in the microfinance industry in India. Building further on our efforts, We are taking necessary steps to ensure that customer connect and service, both external and internal, are enhanced with the use of technology. With the increasing scale and volume of operations there is an urgent need to adapt to a more robust and automated HR system. To this end, Arohan is all set to roll out the Adrenalin ERP, an end-to-end HR management system. A product of Intellicus Technologies Pvt Ltd, Adrenalin is set to launch its Phase 1 and 2 in the financial year 2018-19.

Arohan also launched 'Compfie', a state-of-the-art compliance software. A product of Aparajitha Software Services, the product has been jointly implemented by the HR and Compliance functions of the organisation. Arohan takes pride in being fully compliant with 16 Central and State Acts. It also, currently, maintains close to 110 registers across all its offices in its areas of operations. With this technology in place, all field employees get direct access to relevant information on company and employee benefits.



The Energy That Fuels Growth

Particles within the Sun provides for billions of years of incessant fuel to continuously produce a huge amount of energy. The technology landscape at Arohan is the fuel that enables its process continuity and thus, growth. With state-of-the-art practices and implementations, catering to the need of customers has become progressively hassle-free.

Arohan is one of the leaders in the use of innovative technology in the sphere of microfinance industry in India. This is also evidenced by the SKOCH Order-of-Merit Award which was conferred upon us in June 2017, as well as, in December 2017 for the best implementation and use of technology in the Mobility, CRM and IT Transformation categories. During the financial year 2017-18, with the assistance of selected technology vendors, Arohan has further built its technology platform into a business tool for achieving and maintaining high levels of customer service and protecting their data while enhancing operational

efficiency and creating competitive advantage for the organisation.

Time Efficiency and Cost Optimisation

As part of our mobility strategy, Arohan enabled all its field employees with tablets. Loan officers can source and process potential borrower's application, using mobile handset, and access the real time result of sanction or reject cases, so that they can inform the potential borrower in the least possible time. As of March 31, 2018, Arohan has deployed over 3500 tablets across all its branches. This has resulted in the automation of a number of back-office functions in the



field, at the point of delivery, allowing operations to realise significant efficiencies in terms of reduced paper work and processing time.

In July, 2017 Arohan migrated to a state-of-the-art Core Banking System (CBS) from FIS for its loan management system. Implemented across all its branches, the system reflects real time data with better analytics, controls and security in place. This translates into higher levels of automation and flexibility thereby contributing to the realisation of the organisational business strategies.

For its back-office operations, Arohan has implemented a centralised HUB model for the consolidation of regional data and document management enabling a smooth and swift flow of information and data across the system. This results in a significantly reduced loan processing time, without any loss of data and zero scope of inefficiency. The Central HUB performs quality checks and only after successful quality checks, does a customer loan application gets created in the CBS. The Central HUB also checks for errors of omission, as well as, commission.

We also adopted data analytics tools provided by CRIF High Mark in our operations which we use on various quality parameters such as portfolio, quality and competition, in addition to formulating comparisons with industry trends and data.

Customer Centricity

In an industry where the social and commercial sectors operate hand in hand, Arohan has been quick to ensure smooth operations through mobile applications. From using a simple client-server architecture, the company has started deriving benefits from Mobility and Cloud-based solutions to provide value added services to its customers. The mobility platform has laid the foundation for our customers to experience mobile commerce to buy products both, financial and non-financial through an assisted model.

As part of our commitment to customer service, we implemented a well-equipped, robust Customer Relationship Management (CRM) system empowering the team with access to online data. This ensures that the customers served more effectively while their grievances, if any, are resolved in a time-bound manner. The CRM system is integrated with the CBS to exchange information and to empower the customer service team with in-depth information of the customer's behaviour and record, during a call.

Compliance and Information Security

In our efforts to protect customer information and secure their interest, while also securing any operational information, Arohan has engaged with Writer Information Management Services (WIMS), a business division of P.

N. Writer & Co. Private Limited, for Record Management Services. All Arohan customers' loan documents are safely stored at WIMS's facilities physically and can be retrieved as and when required. The WIMS facilities are ISO 9001 and ISO 27001 certified.

We further rolled out an upgraded Information Technology Policy in the month of February 2018. The policy covers aspects related to IT Governance, IT Operations and Information Security. The policy is in lines with the framework suggested by the Reserve Bank of India in their master circular on the subject.

Arohan has actively upgraded its technology infrastructure and applications to keep pace with the changing and dynamic environment in the microfinance industry. Arohan will continue to focus on increasing operational efficiency through technology-based initiatives such as process automation across levels, creating a model for robust internal communication channels, leveraging the mobile platform to service customers and to build knowledge management systems. Together, the landscape will aim to ensure greater cooperation between teams across geographies, as well as, a more effective management of operations.

In the financial year 2017-18, Arohan has made significant investments in maintaining and updating its technology infrastructure, systems, applications and business solutions. In the background of an evolving microfinance industry, Arohan will strive to continue being a leader in developing a strong technological platform to drive its business strategies.







Controlling Risks By Shining Through

Turn your face to the sun and the shadows fall behind you. The rays of the Sun illuminates even the darkest corners of the earth. Arohan's risk and audit frameworks are ably structured to shine light on uncertainties and be prepared to regulate even the slightest aberrations in processes.

Overview

Evolving macroeconomic factors and changing landscape of the financial markets have made risk management a critical part of the strategy and decision-making process at Arohan. Financial year 2017-18 was characterised by the challenges arising out of the impacts of demonetization. This was especially true for the microfinance institutions, as the customer segments served by the industry faced disruptions in their cash flows and thus, livelihood. Arohan, being a significant part of this cash intensive industry, was also impacted with challenges in its portfolio. However, with a robust risk management framework in place, using the best-in-class tools and practices, it has emerged stronger in the resurgence.

The efforts were effectively supported by the internal audit function which helps mitigate risks by monitoring process adherence and quality controls. The process enables the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Risk Management Approach

Arohan's calibrated and upgraded Risk Management Framework, encompasses various factors including Credit, Market, Liquidity and Operational Risks to aid the process. The function, in addition to its direct reporting to the Managing Director, has an independent reporting line to the Risk Committee of the Board which is headed by an Independent Director. During the quarterly board meetings, the Risk Committee members of

the Board are presented with quarterly updates on risk and credit for discussion and review of the key risk areas for the company while measuring its way forward.

Credit Risk Analytics

Credit Risk Analytics has been further strengthened with portfolio monitoring and control measures implemented across geographies, product lines, ticket sizes, tenures, delinquency buckets etc. Further, using advanced analytics, heat maps, tools and measures like static pools, moving averages and trend analysis, appropriate benchmarks were scientifically derived not only to assess and calibrate portfolio performance but also to take strategic decisions on geographical expansion, as well as, product and policy changes. Such benchmarks also act as a dynamic and effective guidepost, providing active guidance and input for portfolio management to support a sustainable and strong growth momentum.

Portfolio Quality Reviews

While at the Corporate level the forum has been enstrengthened with the inclusion of senior members to Management team, at the field it has been decentralized with reviews fetched at Zonal and Regional levels. It is a unique forum where the stakeholders come together to discuss the high-risk areas, derive measures that are to be initiated while reviewing measures in practice for a check of its effectiveness. The Audit team members, the Business Operations team members, the Central Operations team members and Risk team members come together for the review to decide on the actionable and way forward.



Risk Grading of Operational Branches

Arohan's unique and proprietary algorithm, the quarterly branch risk grading tool has undergone a revision during the financial year 2017-18 in view of the changing scenario of business operations. The refurbished tool now includes new predictive parameters for portfolio quality along with a set of credit risk parameters. Considering the dynamic business landscape currently being witnessed, this proprietary tool continues to provide strong support for operational risk management.

The branch risk grading is shared with the operations team, the management and the Board every quarter providing an assessment and is indicative of the emerging risks for the next quarter in the operational branches.

Board Risk Limits

Our risk framework is further enhanced by the development of a set of risk limits in the areas of Business, Credit, Operations, Liquidity and Regulatory Risk which are reportable to the Board on a quarterly basis. These limits/thresholds represent key operational and financial parameters which ensure sustained financial and operational health of the organisation. In the wake of change in the industry dynamics, the limits have been reviewed and relevant changes have been instituted.

Risk Prevention Measures and Building a Risk Culture

The risk team is now a part of the Branch expansion task force, where, empowered with the Industry data and Internal data, they enable the team to take informed decisions while opening branches. Further, a self-correcting portfolio strategy has been introduced which enables the branches to auto correct their portfolios on a Business-As-Usual (BAU) basis using interventions supported by root cause analysis at the field level. In addition to the above, various new training programmes and workshops have been introduced for the Operations team which helps them strengthen and institutionalise the balanced approach of growing portfolio quantity along with quality.

Internal Audit Management

To further enhance its operational control, Arohan has a well-established internal audit and control system in place that monitors its adherence to policies, procedures and systems. Internal Audit functions as an independent body under the supervision of the Audit Committee of the Board. The Audit Committee reviews the adequacy and effectiveness of the function and helps streamline its structure including the internal audit department, the annual audit plan and staffing while enabling an effective and independent review process.

The Internal Audit function at Arohan aims to mitigate operational risks through regular monitoring at branch, Regional and Zonal levels ensuring adherence with internal control systems, organisational policies and procedures. It further assures adherence to external compliance requirement such as RBI guidelines, SRO directives and other regulatory necessities. Functioning of all support services to

ensure observance to policies and compliance requirements are regularly monitored. In addition to adherence with existing policies and control mechanism, the Internal Audit function at Arohan reviews and advises the line management on necessary changes in its scope of existing policies and control mechanism, as an adaptation to evolving business and compliance requirements.

Infrastructure

Success of Internal Audit in any industry, especially in the micro-lending space, depends largely on the individual skill sets and passion of its team of employees. Arohan's Internal Audit team comprises of 73 skilled auditors, as on March 31, 2018, spread across the span of its geography, recruited either from our own operations team or handpicked from amongst external sources through a rigorous selection process. The team thus, comprises of the right mix of people with formal audit skill training made strong by extensive field experiences. Regular training on processes, policies, behavioural skills and audit techniques are imparted to keep the team focussed and well-equipped to detect even the slightest of deviations on ground.

Arohans Internal Audit function works on a real-time Audit Management System (AMS), named "Perdix" with technological support from Dvara Solutions (Formerly IFMR Rural Finance). Perdix is a web-based system that enables seamless audit and captures the audit findings in a structured and periodic manner. The AMS platform enables real-time tracking of audit progress, allows quick escalation of significant issues and monitors loop closures with increased working efficiency, within a stipulated time frame.

Methodology and Reporting

Arohan's Internal Audit function follows a risk based approach to audit operations at the field level. All operative branches are audited every quarter. The areas of audit can be classified under three broad heads, namely:

- a. Field Processes (Verification, Collection, disbursement etc.)
- b. Back-End Activity (Documentation, administration etc.)
- c. Customer Contact

An appropriate weightage is assigned to each of the above heads (and sub heads thereof), within a dynamic range, which reflects the relevance of the final audit score of each branch. Being audited 4-10 days every quarter, each branch is assigned an audit grading based on the observations and scores of each quarter. Branch audit grading acts as a significant parameter in defining the organisation's quality parameter and is a significant part of the performance appraisal of all concerned.

A new methodology of audit called Snap Audit has been introduced across the field with effect from October 1, 2017 to which 50% of the branches were moved from the scope of regular audit to snap audit. Snap audit is a highly skilled process encompassing the most important aspects of a full audit process, ensuring quick and in-depth

analysis of high risk areas and is undertaken by a senior audit resource. Branches are covered under regular and snap audit alternatively, on a half yearly basis. Support functions, including HR, Information Technology, Finance and Accounts are also audited at least twice in a year. High emphasis is further enforced on monitoring the adherence to compliance and regulatory requirements as prescribed for NBFC-MFI under different statutes.

Scope of audit for both, field and support functions are periodically reviewed and updated to keep pace with the changing business, technological and regulatory dynamics. Monthly audit trends along with actions taken by respective line functions are reported to the senior management team. All significant internal audit observations along with follow up actions are reported and discussed by the Audit Committee of Board, in its quarterly meet.

Internal Financial Control over Financial Reporting (IFCR)

It is imperative for an organisation, more so with one having an objective to make financial inclusion for the mass a reality, to attune itself to a well-structured control mechanism. In order to be closer to our objectives in this respect, we have successfully laid down the Internal Financial Control over Financial Reporting (IFCR) framework. In order to ensure effectiveness, we have aligned our current systems of internal financial control with the requirement of Companies Act 2013 which is in line with the globally accepted risk based framework as issued by COSO and other rules/guidelines issued by RBI and MFIN. The process is intended to increase transparency and accountability in the organisation's process of designing and implementing an internal control mechanism.

IFCR requires an organisation to identify and analyse risks and manage appropriate responses. With its implementation, Arohan's internal control mechanism is commensurate with the size and the nature of its operations. The process is designed to provide reasonable assurance with regards to the recording and providing of reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance to corporate policies. The process helps us have a well-defined delegation of power with authority limits for approving revenue as well as expenditure. Processes for formulating and reviewing annual and long term business plans have also been laid out in IFCR. With the availability of the ERP system, we can record data for accounting, consolidation and management information purposes and can connect to different locations for efficient exchange of information.

The audit committee reviews reports submitted by the management and audit reports submitted by internal auditors and statutory auditors. Suggestions for improvement are considered and the audit committee follows up on corrective action. The audit committee also meets with statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the Board of Directors

informed of its major observations periodically. Based on its evaluation (as defined in section 177 of Companies Act 2013 and Clause 18 of SEBI LODR Regulations 2015), Arohan's audit committee has concluded that, as of March 31, 2018, our internal financial controls were adequate and operating effectively.

As we move towards achieving our organisational goals, we continue with our efforts to align all our processes and controls with the global and industry best practices.



Waking Up To Empowerment

Sunrise brings with itself a ray of hope as it spreads ample of warmth to the entire ecosystem. Even the silent experience of the world waking up to sunrise brings in immense positivity. Arohan, through its various social and capacity building initiatives seeks to invoke self-reliance among people and communities at large, thus enriching lives and enabling growth.

“Saving our planet, lifting people out of poverty, advancing economic growth... these are one and the same fight. We must connect the dots between climate change, water scarcity, energy shortages, global health, food security and women's empowerment. Solutions to one problem must be solutions for all.” - Ban Ki-moon, Former Secretary General, United Nations.

Arohan's social interventions are developed to best cater to the communities it operates in with a medium term vision to touch over 1,00,000 lives through its CSR initiatives. Our four-pronged approach focusses on skill building and education, women's health and wellness, eco-sustainability and disaster relief management.

OUR CSR INITIATIVES IN FY 17-18

Skill Building and Education: Education is the premise of progress in every society and as Arohan works to better the lives of people through its CSR initiatives, it focuses on empowerment through education and skill building. In financial year 2017-18, Arohan engaged with NSHM Udaan Skills Foundation to train and provide placement assistance to 400 youths in IT/ITES, retail and beauty and wellness skills to help increase employability in its areas of operation. Detailed courses were conducted in NSHM centres in Sarupathar in Assam, Patna in Bihar, Ranchi and Jamshedpur in Jharkhand and Kolkata, Raniganj and

Durgapur in West Bengal from which over 65% of the students have been placed so far.

- **Entrepreneurship Development:** In continuation of our endeavour to promote skill development and avenues for self-employment, Arohan partnered with Anudip Foundation to provide tailoring skills to 200 women and help them develop their own entrepreneurial units in Jajpur and Bhadrak districts of Odisha. 103 women have started their own businesses as their business acumen continues to be nurtured by Arohan in association with Anudip Foundation.

- **Arohan Shiksha:** The Arohan Shiksha initiative was steered in the year 2017 to help basic educational aid made available to students in marginalised communities. In the financial year 2017-18, 100 girls of BDJJ Inter College Jhumra in Hazaribagh district of Jharkhand were awarded the Arohan Shiksha Scholarship for further education. The girls studying in classes XI and XII belong to the neighbouring marginalised communities where many are deprived of education because of financial constraints. The candidates were selected based on their academic merit over a month long evaluation process conducted by the Swaraj Foundation. The financial aid covers the tuition charges for a year along with other essential expenses. In addition to the above, school bags were distributed to 1075 children in government run primary schools of Arah, Buxar and Gaya in Bihar and Allahabad



and Barabanki in Uttar Pradesh surrounding our areas of operation.

Eco sustainability: Access to safe drinking water and sanitation in rural and semi urban areas is a challenge in financially underserved communities. In order to address these challenges in its areas of operation, Arohan piloted an integrated water sanitation plant in Boral of Rajpur - Sonarpur municipality in West Bengal. Funded by Arohan and implemented by South Asian Forum for Environment, the RO purification plant has a capacity to serve WHO quality drinking water dispensed through a 24X7 water ATM benefitting up to 500 families. The facility also has four sanitation units which utilizes the extra water from the RO plant. The sewage created through the sanitation units are linked to a biogas plant which generates energy to power lighting in the community while the solid waste finds its use as organic manure.

Women's Welfare and Awareness: Health is socially determined and access to healthcare is more so. To address the lack of access to modern healthcare services for women and children from marginalised communities Arohan's CSR initiative provides free medical and diagnostic services in the states of West Bengal, Odisha and Assam. Arohan also engages doctors with specialisation in women's or public health to conduct camps equipped with diagnostic services.

Arohan has always strived to create awareness on health and sanitation among women belonging to rural communities. Rare artforms such as 'patachitra' have also been used as mediums to depict the health and sanitation challenges that affect women in rural and urban areas. The topics cover maternal health, sanitation, tobacco control, anaemia, child health etc. Since the artist and the audience are from similar socio economic background, there is an acceptance of patachitra as a medium of communication. These media are not only entertaining but also engaging for women who are, often, uneducated. This unique initiative has been widely recognized and Arohan was awarded with the 'CSR Practice of the Year' Award at India International CSR Forum in New Delhi, in May, 2017.

A total of 1365 women and children benefited from these initiatives in the financial year 2017-18.

Disaster Relief: Operating in the low income states of central, eastern and north eastern India, Arohan's areas of operation is prone to debilitating natural calamities. Incessant rains in July and August, 2017 resulted in severe floods across Assam. The flood adversely affected the lives of those people who were already from economically disadvantaged communities. Employees and volunteers from Arohan identified affected people and procured food and other relief materials to distribute among them. Arohan successfully provided comprehensive relief to 1669 families in distress.

Employee Volunteering: Arohan acknowledges that employees want a sense of purpose and a way of giving back to the community in addition to their work and

encourages employees to volunteer by engaging with local Non Profit Organisations by providing aid and assistance to the disadvantaged communities. In financial year 2017-18 employees clocked more than 500 volunteer hours by associating themselves with skill development programmes for the youth, health camps, distribution of educational aid and disaster relief and by collecting aid for flood victims in Assam.

FINANCIAL LITERACY INITIATIVES

It is an effort on Arohan's part to slowly move our customers towards safe, secure and easy transactions which involve less cash and make it easier for them to monitor and manage their money. Customers not only need the products and services, they also need sufficient know-how and awareness to accept and adopt change.

Arohan launched Pragya, a Financial Literacy initiative in December, 2016 with the aim of preparing 35,000 customers through Classroom trainings and 15,000 through Mass Awareness programmes. In partnership with ACCION, we designed a financial awareness programme for our customers to sensitize them about the importance of savings, insurance, banking, government schemes etc. while helping them understand the cycle of poverty, identify needs and wants and planning of finances. The initiative was piloted across select branches in West Bengal, Odisha, Assam and Bihar.

Classroom Trainings

As of March, 2018, Arohan has trained nearly 33,500 customers through training in classrooms which has an average batch size of 12 customers. Data is collected on family size, preparation of monthly budget, insurance products, savings habits, household income, investments, bank accounts, Aadhar card, etc. which enables us to conduct social audits, as well as, impact assessments. Arohan, through these classroom training, seeks to enable the customers with the knowledge of 'money management' and the skill of making informed financial decisions.

Mass Awareness Campaigns

Unlike Classroom trainings, Mass Awareness campaigns are targeted to spread financial literacy among the communities at large. Through innovative and engaging mediums such as street plays and magic shows, trained artists are engaged to deliver key messages. Arohan conducted a total of 50 mass awareness campaigns in the states of West Bengal, Odisha and Bihar with an average audience of 300 per campaign.

CUSTOMER PROTECTION AND INSIGHTS

In order to assure that our customers are well-served and their interests are protected in the most efficient manner, Arohan's Customer Insights function works towards resolving any issue that a customer might face. Arohan believes in understanding its customers in order to support them within its capacity. Our customers are situated in rural, as well as,

urban geographies and are engaged in various professions ranging from agriculture to trade. To ensure good customer experience, Arohan has a toll free number which offers multi-lingual customer care and conducts outbound calls to check customer satisfaction levels while resolving their queries within a time bound manner.

Diligent surveys are conducted on loan sourcing, customer satisfaction, overdue, dropout and cross sell products, along with need based surveys through targeted samples to gain customer insights. Qualitative research methodologies such as focus group discussions, observation studies, etc. are also used to gain insights on demographics for better customer focus.

The entire function is well-equipped with a robust Customer Relationship Management (CRM) system which helps capture customer data and behavioural trends through the inbound and outbound processes.

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of Arohan, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Arohan's Annual Report, FY 2017-18.



Board of Director's Report

Dear Members,

Your Board of Directors (the "Board") takes pleasure in presenting the Annual Report of AROHAN FINANCIAL SERVICES PRIVATE LIMITED (the "Company") together with the audited financial statements for the year ended March 31, 2018.

Financial and Operational Highlights

The financial performance of the Company is summarized below:

(INR in crore)

	FY 2018	FY 2017	Change (%)
Total Revenue	327.02	214.98	52.12
Less: Total expenditure	281.60	173.95	61.89
Profit Before Tax	45.42	41.03	10.70
Profit After Tax	29.67	27.46	8.04
Earnings Per Share (EPS)			
-Basic	3.35	4.86	
-Diluted	3.35	4.86	

The operational highlights of the Company are summarized below:

Year ended March 31	FY 2018	FY 2017	Change (%)
Number of branches	435	272	59.93
Number of members (in crore)	0.11	0.07	57.14
Number of employees	3318	2445	35.71
Gross loan portfolio (in crore)	2171	1014	114.10

The Company during the year under review has opened 163 new branches and expanded to new States, Uttar Pradesh and Tripura. The inclusive performance of the Company during last FY18 was satisfactory and other section such as e-Bazaar, Cross Sell and Inorganic Partnership has also performed well. The merger of IntelleCash with the Company was successfully completed within the schedule time and IntelleCash has started operation in three new locations. FIS software was implemented successfully across the Company's branches. The Company has achieved higher portfolio diversification among states with continued focus on improving portfolio quality. The Company has actively focused on product and channel diversification, and operational efficiency along with expansion. The focus was also in optimizing the non-qualifying assets space. In spite of several operational hurdles, cost of funds have decreased, relationship with PSUs was increased and better bargaining power with other lenders with reaffirmed credit rating of A- has led to lowering of borrowing costs. The Company reported AUM of INR 2171 crores which has exceeded the projected AUM

of INR 2022 crores by about INR 150 crores. At the end of the FY18 customer numbers were over 11.37 Lakhs. Tier II capital raise of INR 115 crores has resulted in comfortable capital adequacy level of 23.63% and on the other side debt equity ratio has also improved. The interest margin has been maintained at an optimal level of 9.88% which is in compliance with RBI norms. Revenue of the Company has grown by 52% y-o-y from FY17 to FY18. Whereas the interest income grew by 57%, the fee income grew significantly by 41%, thereby contributing to the increasing profitability.

Scheme of Arrangement with IntelleCash

The National Company Law Tribunal, Mumbai by its order dated March 9, 2018 and the National Company Law Tribunal, Kolkata by its order dated March 26, 2018 approved the Scheme, with effect from the appointed date, April 1, 2017. The rationale of the Scheme was to achieve certain benefits for our Company, including, inter alia: (a) economies of scale; (b) retention of clients; (c) diversification of product offerings; (d) financial strength; (e) greater potential for client retention; (f) optimization of non-qualifying assets. Pursuant to the Scheme, the entire business and undertaking of IntelleCash, including all its properties, assets, rights, liabilities, licenses, investments, interests, incentives, contracts, intellectual property, proceedings, employees and obligations, as on April 1, 2017, were transferred to and vested in our Company as a going concern and IntelleCash was dissolved without the process of winding up. Accordingly, the following steps were undertaken: (i) 1,80,67,494 Equity Shares held by IntelleCash in our Company were cancelled and extinguished; (ii) 1,12,30,546 equity shares of face value of INR 10 each of IntelleCash (constituting the entire equity share capital of IntelleCash) were cancelled and extinguished; and (iii) the authorized share capital of IntelleCash was combined with and added to the authorized share capital of our Company, pursuant to which, the authorized share capital of our Company was increased to INR 1,12,45,33,200 divided into 11,24,53,320 Equity Shares. As consideration for the transfer of the entire business and undertaking of IntelleCash to our Company, 2,39,70,479 Equity Shares were allotted to the erstwhile equity shareholders of IntelleCash, in the ratio of 213.44 Equity Shares for every 100 equity shares of face value INR10 each held by such shareholders in IntelleCash. The Scheme became effective on March 28, 2018, being the

date on which certified copy of the order of the National Company Law Tribunal at Kolkata was filed with the RoC, in terms of Section 232(5) of the Companies Act, 2013.

Capital Infusion

During the period under review no direct capital infusion took place by issue of shares, however due to scheme of arrangement with IntellectCash, paid up capital of the Company was increased to INR 88,22,43,530. Further during the same period, the Company issued Unsecured, Subordinated, Rated, Listed, Redeemable, Non-convertible Debentures of face value of INR 10,00,000 each, aggregating to INR 65,00,00,000 on a private placement basis.

Dividend

In order to retain capital for further business expansion and given extant provision of Companies Act, 2013, the Directors have not recommended any dividend for the year under review.

Directors and key Managerial Personnel

In accordance with the provisions of the Companies Act, 2013 (Act) and the Articles of Association of the Company no Director of the Company would retire by rotation at the ensuing Annual General Meeting.

During the year under review, the Board approved the appointment of Mr. Anirudh Singh G Thakur as the Company Secretary & Compliance Officer of the Company with effect from October 23, 2017. Ms. Vanita Mundhra resigned as the Company Secretary with effect from October 23, 2017.

Declaration of Independence

The Company has received declarations from all Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations").

Details of Subsidiary, Associate and Joint Venture of The Company:

The Company doesn't have any subsidiary, associate and joint venture.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at

March 31, 2018 and of the Profit and loss of the Company for the year ended on that date;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the annual accounts on a 'going concern' basis; and

e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Company's Policy Relating to Directors Appointment, Payment of Remuneration and Discharge of Their Duties

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2018, the Board consists of 10 members, which includes one Executive Director, two non-Executive Directors, three Independent Directors and four Nominee Directors. The Board periodically evaluates the need for change in its composition and size.

The Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. The recommendation of the committee is forwarded to the Board for its approval.

The Nomination and Remuneration Committee decided the remuneration of Executive Directors and key managerial personnel on the basis of following criteria;

(a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;

Number of Meetings of the Board of Directors

The details of the meetings of the Board of Directors of the Company held during the year are mentioned in the Corporate Governance Report which is provided separately in this Annual Report.

Auditors

(i) Statutory Auditors – M/s Walker Chandiook & Co LLP, (Firm Registration Number – 001076N/N500013), Chartered



Accountants were appointed as statutory auditors in the AGM dated 22/08/2016. They have confirmed their eligibility under section 141 of the Companies Act, 2013 to carry out the audit for the FY 18-19.

(ii) Secretarial Auditors – M/s. Jayshri Tulsyan & Associates, Practicing Company Secretary (Certificate of Practice No. 8096) was appointed as Secretarial Auditor of the Company to conduct Secretarial Audit for the Company for the Financial Year 2017-18 as required under Section 204 of the Companies Act, 2013 and the rule made thereunder. The Secretarial Audit Report for FY 17-18 is appended as Annexure I to the Directors' Report.

There are no qualifications, reservation or adverse remark made by the Statutory Auditor and Secretarial Auditor in their reports, save and except disclaimer made by them in discharge of their professional obligation.

Details of Frauds Reported by the Statutory Auditors

During the year under review, the Statutory Auditors of the Company have not reported any fraud as required under Section 143(12) of the Companies Act 2013.

Particulars of Loans or Guarantees or Investments

Pursuant to the clarification dated February 13, 2015 issued by the Ministry of Corporate Affairs and Section 186(11) of the Companies Act 2013, the provision of Section 134 (3)(g) of the Companies Act 2013 requiring disclosure of particulars of the loans given, investments made or guarantees given or securities provided is not applicable to the Company.

Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act 2013 and during the year under review were in the ordinary course of business and at an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act 2013. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time. Details of the related party transactions, which are exempted according to a proviso to Section 188 of the Companies Act 2013, during FY18 are disclosed in Note of the financial statements.

Amount Transferred to Statutory Reserves

During the year the Company has transferred an amount of INR 5.93 crore to Statutory Reserve as required (20% of Profit after tax) under Section 45-IC of RBI Act, 1934.

Material Changes and Commitments, if any, Affecting the Financial Position of the Company

There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year of the Company i.e. March 31, 2018 and the date of the Directors' Report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo Under Section 134(3)(M) Of The Companies Act 2013

The provisions of Section 134(3) (m) of the Companies Act 2013 relating to conservation of energy and technology

absorption do not apply to the Company. The Company has, however, used information technology extensively in its operations.

During the year under review, the Company's earning in foreign exchange was INR 0.51 crore. The details of foreign earnings have also been captured in note of the Financial Statements.

Annual Evaluation of The Board

The Board pursuant to the provisions of Section 178 of the Companies Act 2013, the Nomination and Remuneration Committee (NRC) has carry out evaluation of individual Director's performance. In this regard the NRC had met on April 26, 2018 to carry out the above mentioned evaluation. The Members of the NRC reviewed the performance of all the individual Directors of the Company in accordance with the relevant sections of the Companies Act 2013 and the Evaluation Forms filled in and submitted by all the Directors. The Committee agreed that the effectiveness of participation of the Directors in various meetings of the Board and its Committees were satisfactory. All the Directors made significant contributions in ensuring ethical standards and the statutory as well as regulatory compliances. The Members of the NRC also agreed that the financial performance of the Company over the years is satisfactory and the Board as whole played great role in the development of the Company.

Risk Management Policy

The Board of the Company has adopted the Risk Management Policy based on the recommendation of the Risk Management Committee in order to assess, monitor and manage risk throughout the Company. Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization. Detailed information on risk management is provided separately in this Annual Report.

Corporate Social Responsibility (CSR)

In compliance with Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established the Corporate Social Responsibility Committee (CSR Committee) and the composition and the function thereof is mentioned in the Corporate Governance Report.

The Board adopted the CSR Policy, formulated and recommended by the CSR Committee, and the same is available on the Company's website.

During the year period review, as per the budget the Company spent on various programs and activities such as Skill Development & Education, Eco- Sustainability, Women Welfare & Awareness and Natural Disaster Relief. The details of the CSR activities undertaken during the year are given in the report on Corporate Social Responsibility activities which is annexed as Annexure II to the Directors' Report.

Details of Significant and Material Orders Passed by the Regulators or Courts or Tribunals Impacting the Going Concern Status and Company Operations in Future

There are no significant material orders passed by the Regulators, Courts or Tribunals which would impact the going concern status of the Company and its future operations.

Deposits

The Company is a non-deposit taking NBFC-MFI and has not accepted any deposit as defined by the Companies Act, 2013.

Information Required Under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the financial year under review, the Company has One (1) complaints of sexual harassment from one customer of the company. The same was resolved successfully to the satisfaction of the complainant.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

Vigil Mechanism

The Company has adopted the Whistle-blower Policy, and details of the same are explained in the Corporate Governance Report. The Policy is also available on the Company's website.

Participation in Credit Bureau

In order to address the issue of multiple lending or over indebtedness and also to know the credit history of the customer, the Company became the member in all the credit bureaus namely Experian Credit Information Company of India Private Ltd, High Mark Credit Information Services Pvt. Ltd., Equifax Credit Information Services Pvt. Ltd., and Transunion CIBIL Limited and shares all the customer's data to them on regular basis.

Resources and Liquidity

Your Company being a Systemically Important Non-Deposit Accepting NBFC is subject to the capital adequacy requirements prescribed by the Reserve Bank of India. The Company was required to maintain a minimum Capital to Risk Asset Ratio (CRAR) of 15% as prescribed under the Non-Banking Financial Company-Micro Finance Institutions (Reserve Bank) Directions, 2016 (as amended from time to time) based on total capital to risk weighted assets. Your Company maintained a CRAR ratio higher than the RBI prescribed ratio, which is 23.63 % as on March 31, 2018.

The Company has outstanding on secured & unsecured borrowings of INR 1865 crore at the end of financial year 2017-18

RBI Guidelines & SRO

Your Company is registered with Reserve Bank of India (RBI), as a non-deposit accepting NBFC ("NBFC-ND-SI") under Section

45-IA of the RBI Act, 1934. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year. The Company being the member of two SROs – MFIN and Sa-Dhan, follows the Code of Conduct as prescribed by these SROs. The Company also comply the standards and rules as prescribed by the above SROs from time to time.

Particulars of Employees

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have been annexed herewith as Annexure III to the Directors' Report.

In terms of Rule 5 (2) of the Companies (Appointment and Remuneration) Rules, 2014 and amendments thereon. The name of the ten employees in terms of the remuneration drawn – Nil, and the name of every employee, who –

- i. If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; Refer Annexure III
- ii. If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; Nil
- iii. If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company; Nil

Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review is presented separately in this Annual Report.

Corporate Governance

The Company strives to adopt and adhere to the highest standards of Corporate Governance principles and best practices. With this objective the Company has put in place various policies, systems and processes to achieve transparency, high levels of business ethics and compliance with applicable laws. The Board & other Sub Committee Board ensures the high standards of transparency and accountability in all its activities. The best management practices and a high level of integrity in decision making are followed to ensure long term creation of value for all the stakeholders.

A complete Corporate Governance Report is attached with the Directors' Report and annexed as Annexure IV.



Employee Stock Option Plan (ESOP)

Presently Employee Stock Option Plan, 2010 as amended in 2017, is in force, which was allowed by the Board last year. The Human Resource and Compensation Committee of the Board of Directors of the Company administer and monitor the Employee Stock Option Scheme of the Company in accordance with applicable law.

Extract of Annual Return

Pursuant to Section 134 (3)(a) and Section 92 (3) of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at March 31, 2018 in form MGT 9 has been annexed as Annexure V to the Directors' Report.

Acknowledgement:

Your Directors express their sincere appreciation of the co-operation and assistance received from customers, Reserve Bank of India, MFIN, Sa-Dhan, Shareholders, Bankers, Stock Exchange, IRDAI and other stakeholders during the year under review. Your directors also wish to place on record their deep sense of appreciation for the commitment displayed from all managers, executives and customer service representatives resulting in the successful performance of the Company during the year.

Finally your Directors take this opportunity to express their appreciation and express their thanks for the continued support co-operation and guidance received from all the Banks and Financial Institutions.

For and on behalf of the Board of Directors

ANURAG AGRAWAL MANOJ KUMAR NARAYAN NAMBIAR

DIN 02385780

DIN03172919

Dated: 27th April, 2018

Annexure I:
Secretarial Audit Report
For The Financial Year Ended March 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Arohan Financial Services Private Limited

PTI Building, 4th Floor,
 DP-9, Sector-5, Salt Lake
 Kolkata – 700091

CIN U74140WB1991PTC053189

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Arohan Financial Services Private Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books and Papers, Minutes books, Forms and Returns filed and other records maintained by the company **Arohan Financial Services Private Limited**, and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books and Papers, Minute Books, Forms and Returns filed and other records maintained by **Arohan Financial Services Private Limited** for the financial year ended on 31st March, 2018 to the extent applicable:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under - Not Applicable during the year under review.

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial

Acquisition of Shares and Takeovers) Regulations, 2011: - **Not Applicable during the year under review.**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992: - **Not Applicable during the year under review.**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009: - **Not Applicable during the year under review.**

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: - **Not Applicable during the year under review.**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

(f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - **Not Applicable during the year under review.**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: - **Not Applicable during the year under review**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: - **Not Applicable during the year under review.**

We further report that after considering the Compliance system prevailing in the Company and after verification of relevant records and documents maintained by the Company and as confirmed by the management vide its management representation letter, it has complied with following laws that are applicable specifically to the Company:

1. The Reserve Bank of India Act, 1934.
2. The Non – Banking Financial Company – Micro Finance Institution (Reserve Bank) Directions, 2011 read with Master Circular.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with regards to Meeting of Board of Directors (**SS-1**) and General Meeting (**SS-2**) issued by The Institute of Company Secretaries of India (ICSI).

(ii) The Company has made an application to Bombay Stock Exchange Limited seeking in – principal approval for issue of **650 nos. (Six Hundred and Fifty)** Unsecured, Subordinated, Rated, Listed, Redeemable, Non – Convertible Debenture of face value of **INR 10,00,000/-** each, aggregating up to Rs. 65 Crores on Private Placement on **March 27, 2018** and the same has been granted vide letter no. **DCS/COMP/AA/IP-PPDI/1315/17-18 on April 2, 2018.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.



We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

2. Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

3. Majority decision of the Board and Committee Meetings are carried through, while the dissenting members' views, if any are captured and recorded as part of the minutes.

On the basis of information provided to us, we further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

On the basis of information provided to us, we further report the Company has during the audit period ending on 31st March, 2018:–

- Issued & allotted 2, 39, 70, 479 nos. (Two Crore Thirty Nine Lakh Seventy Thousand Four Hundred and Seventy Nine) of equity shares of the company at Rs. 10/- at a premium of Rs. 74.70/- each by way of Merger with Intellecash Microfinance Network Company Private Limited as per order by National Company Law Tribunal, Kolkata Bench on March 26, 2018.

- Issued 650 nos. (Six Hundred and Fifty) of Debentures of face value of INR 10, 00, 000/- each on private placement basis, listed and admitted to dealings on Bombay Stock Exchange Limited in the List of F Group – Debt Instruments on April 20, 2018.

- Re-appointed M/s Walker Chandio & Co. LLP as statutory auditor of the Company at the Annual General Meeting of the company held on August 29, 2017.

- Received order for Merger with Intellecash Microfinance Network Company Private Limited by National Company Law Tribunal, Kolkata Bench on March 26, 2018.

- Various fraud cases which have been reported to us were also noted in the Minutes of the Board Meeting for which necessary actions are taken by the company and as reported to us that these type of cases are inevitable depending on the nature and volume of the business and further it was made us understand that necessary actions are taken by the Management of the Company as and when required.

For Jayshri Tulsyan & Associates
Pr. Company Secretaries

Date: 12/05/2018
Place: Kolkata

M. No. - 7725
C.P. No. – 8096

To,
The Members,

Arohan Financial Services Private Limited
PTI Building, 4th Floor,
DP-9, Sector-5, Salt Lake
Kolkata – 700091
CIN U74140WB1991PTC053189

Our Secretarial Audit Report is to be read along with this letter

1. Maintenance of Secretarial Records is the responsibility of the Management of the Company. Our Responsibility is to express an opinion on these Secretarial Records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company as it is a part of Financial Audit as per the provisions of The Companies Act, 2013.

4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on random test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Jayshri Tulsyan & Associates
Pr. Company Secretaries

M. No. – 7725
C.P. No. - 8096

Date: 12/05/2018
Place: Kolkata

Annexure II:**Annual Report on CSR Activities To Be Included In The Board's Report**

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

Arohan Financial Services Private Limited (hereinafter referred to as Arohan) believes that a business entity's performance must be measured by its economic, social and environmental impact and efforts to embed sustainability. Social enterprises are, more than any other business enterprise, capable of addressing these concerns and Arohan aspires to transcend business interests and work towards the all-round human development of the communities we operate in through initiating and supporting programmes that enhance social sustainability. Arohan already serves people from economically and socially marginalised communities where illiteracy, unemployment and under-employment are rampant. It is in this social context that our CSR initiatives are developed to best cater to our customers and their communities. Arohan would build on this connect with the marginalised sections of the society for furthering their welfare. These programmes are independent of the normal conduct of business and are not viewed as business propositions by Arohan. In alignment to Arohan's mission to empower the underserved, we see Corporate Social Responsibility (hereinafter referred to as CSR) as an opportunity to further extend help to the underserved in the larger community through the provision of non-profit based assistance.

The CSR Policy is disclosed on our website in the link below:

<http://www.arohan.in/resources/2017-06-05-18-42-06-CSR%20Policy.pdf>

2. The disclosure of the contents of the CSR Policy pursuant to Section 134(3)(o) of the Companies Act 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014, are as follows:

Particulars	Remarks
1 The composition of the CSR Committee	1. Sumantra Banerjee - Independent Director (Chairman) 2. Anurag Agrawal - Director 3. Manoj Kumar Narayan Nambiar- Managing Director 4. Prashant Rai Management Coordinator
2 Average net profit of the company for last three financial years	INR 29,98,69,888
3 Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	INR 59,97,398
4 Details of CSR spent during the financial year	
(a) Total amount to be spent for the financial year	INR 61,51,871
(b) Amount unspent, if any	Nil
(c) Manner in which the amount spent during the financial year is detailed below	Table below
5 In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.	Not Applicable

1	2	3	4	5	6	7	8
Sl No	Activity and beneficiaries	Sector	Area	Amount Outlay (amount in INR)	Amount spent on the Projects or Programme Sub Heads: (1) Direct (amount - in INR)	Cumulative expenditure up to the reporting period (amount in INR)	Amount Spent Direct or through Implementing Agency
1	Training 400 youths from marginalized communities	Skill Building and Education	West Bengal, Jharkhand, Bihar	21,00,000	22,84,500	22,84,500	NSHM Udaan Skills Foundation
2	Entrepreneurship development of 200 rural women	Skill Building and Education	Jajpur and Bhadrak district of Odisha	10,00,000	10,00,000	10,00,000	Anudip Foundation
3	Arohan Shiksha Scholarship to 100 girls	Skill Building and Education	Hazaribagh district of Jharkhand	5,00,000	5,00,000	5,00,000	Swaraj Foundation
4	Integrated water sanitation plant	Eco Sustainability	Sona-rpur Municipality, West Bengal	19,00,000	17,65,000	17,65,000	South Asian Forum For Environment
5	Flood relief materials provided to 1669 families	Disaster relief	Assam	3,00,000	3,00,000	3,00,000	Direct
6	Health camps for 1365 women and children	Health	West Bengal, Assam and Odisha	3,00,000	1,30,846	1,30,846	Direct
7	Employee Volunteering 1075	Education	West Bengal, Uttar Pradesh, Bihar	1,00,000	1,71,525	1,71,525	Direct
TOTAL					61,51,871		

3. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

The implementing and monitoring of the CSR Policy is in compliance with the CSR objective and policy of the Company.

Manoj Kumar Narayan Nambiar
Managing Director
DIN- 03172919

Sumantra Banerjee
Chairman, CSR Committee
DIN- 00075243



Annexure III: Remuneration details of Directors, KMPs, employees

Sl. No	Particulars	Disclosures								
1	The ratio of the remuneration of each Whole-Time director to the median remuneration of the employees of the company for the financial year	64:1								
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<table> <tr> <td>KMP</td> <td>% increase in remuneration</td> </tr> <tr> <td>MD</td> <td>43.93%</td> </tr> <tr> <td>CFO</td> <td>97.40%</td> </tr> <tr> <td>CS</td> <td>210.93%</td> </tr> </table> <p>% increase in remuneration of KMPs is higher than increase in median remuneration due to change in KMP and change in salary composition mix apart from annual increments</p>	KMP	% increase in remuneration	MD	43.93%	CFO	97.40%	CS	210.93%
KMP	% increase in remuneration									
MD	43.93%									
CFO	97.40%									
CS	210.93%									
3	The percentage increase in the median remuneration of employees in the financial year	13.00%								
4	The number of permanent employees on the rolls of the Company	3318 employees								
5	The explanation on the relationship between average increase in remuneration and company performance	The Company made a growth of 8.02% in its Net Profit and increased the remuneration of its employees by an average of 13.00% based on the recommendation of the HR & Compensation Committee of the Board.								
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	The Company's revenue and Net Profit has grown by 52.11% and 8.02% respectively in FY 2017-18 in comparison to FY 2016-17. The average increase in remuneration of KMP in the FY 2017-18 was 70.50%.								
7	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year	As on March 31, 2018, the Company's equity shares were not listed. The Company's net worth has increased from INR 341 Cr as on March 31, 2017 to INR 380 Cr as on March 31, 2018 – an increase by INR 39 Cr.								
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in the salaries of employees was 13.00% and the average increase in the managerial remuneration was 43.93%.								
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	The Company's revenue and Net Profit has grown by 52.12% and 8.02% respectively in FY 2017-18 in comparison to FY 2016-17. The average increase in remuneration of KMP in the FY 2017-18 was 70.50%.								
10	The key parameters for any variable component of remuneration availed by the Directors	Yearly incentive as per employment terms based on the company's performance and profits								
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	No employee received remuneration in excess of the highest paid director.								
12	Affirmation that the remuneration is as per the remuneration policy of the company	Yes.								

A statement showing the name of every employee of the Company, who –

a) If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore Two Lakh rupees;

Mr. Manoj Kumar Nambiar – Managing Director

Sl. No	Particulars	Disclosures
1	Designation	Managing Director
2	Remuneration received	INR 1.13 Crore
3	Nature of employment, whether contractual or otherwise	Permanent
4	Qualification and Experience	<p>Manoj completed his mechanical engineering from VJTI in 1986, and his MBA in Marketing from JBIMS in 1988, both from Mumbai University and has tertiary qualifications in insurance from Insurance Institute of India. He has also completed the "Strategic Leadership in Microfinance" course from the Harvard Business School, Boston, US in April '13.</p> <p>He started his working career with Modi Xerox in 1988 and then moved into consumer financial services with GE Countrywide in 1995, retail banking with ANZ Grindlays in 1997 and retail assets and business development with ABN Amro Bank NV India in 2000. He moved as Head Retail Banking of National Bank of Oman in 2002 looking after Oman, UAE & Egypt. Post that he worked as the Chief Operating Officer of the Alhamrani - Nissan Finance company, KSA in 2004 and returned to Oman as the Deputy CEO of Ahli Bank SAOG in 2008. Growing the retail business for NBO, raising of US\$ 100Mn in the first Islamic Musharaka offshore deal for Alhamrani Finance Company & transformation of the mortgage company into a full-fledged commercial bank with retail, premium and private banking are some of the key achievements.</p> <p>He returned to India in Jun'10 as MD & CEO of IntelleCash Microfinance Network Company (P) Limited (an Intellectap Group company) in the business of incubating & capacity building of MFIs. In this job, he set up the lending businesses in both the retail & wholesale (this is today a separate company called IntelleGrow) space and also grew the capacity building business both in India and overseas. In September 2012, backed by Aavishkaar Goodwell, IntelleCash acquired a 56% stake in Arohan with additional investments from India Financial Inclusion Fund and Michael Susan Dell Foundation using the parent Intellectap's structuring skills.</p>
5	Date of commencement of employment	October 3, 2012
6	Age	53
7	The last employment held	MD & CEO of IntelleCash Microfinance Network Company (P) Limited
8	% of equity shares held	NIL

b) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight Lakh Fifty Thousand rupees per month;

Nil

c) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which,

in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

Nil



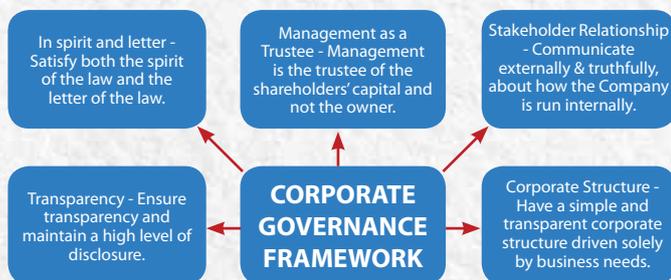
Annexure IV: Corporate Governance Report

The Company believes and strives to adopt and adhere to the highest standards of Corporate Governance principles and best practices. With this objective Arohan has put in place various policies and systems and processes to achieve transparency, business ethics and compliance with applicable laws. The Company is dedicated and committed to ensure high standards of transparency and accountability in all its activities. The best management practices and high level of integrity in decision making is followed to ensure long wealth generation and creation of value for all the stakeholders.

In India, corporate governance standards for listed companies are also mandated under the Companies Act, 2013 ("Companies Act 2013") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"). In addition to the above, corporate governance standards for Non-Banking Finance Companies are also prescribed by Reserve Bank of India. To align corporate governance standards with the provisions of Companies Act 2013, SEBI through notifications dated May 25, 2016, May 27, 2016 and January 4, 2017 had revised the SEBI LODR Regulations and mandated listed companies to comply with the same.

Corporate Governance Framework

The driving principle of our corporate governance framework are encapsulated in the following diagram



Governance Structure

The corporate governance framework at Arohan is based on an effective and independent Board, the separation of the Board's supervisory role from the executive management and the constitution of Board Committees to oversee critical areas, all of which are chaired by Independent Directors and the Company have appropriate mix of Executive and Independent Directors to maintain the Independence of the Board.

Arohan's Corporate Governance structure, systems and processes are based on two core principles, viz., (a) management must have the executive freedom to drive the enterprise forward without undue restraints, and (b) this freedom of management should be exercised within a framework of effective accountability.

Apart from the shareholders of the Company, the following governance level is followed in Arohan:

Governance Level	Broad Responsibility	Responsible
Level 1	Strategic Supervision	Board of Directors
Level 2	Strategic Management	Core Management Committee
Level 3	Executive Management	Heads of Departments

At the apex level, the general body of Shareholders of the Company elect the Board of Directors at the Annual General Meeting and the Board appoints the Key Managerial Personnels and other functional heads of the Company, who in turn will appoint the various other management executives of the Company.

BOARD OF DIRECTORS

Composition and category of the Board

The Company has a broad-based Board of Directors, constituted in compliance with the Section 45-IA of the RBI Act, 1934 and Companies Act, 2013, and in accordance with good corporate governance practices. The Company recognizes and embraces the importance of a diverse Board and strongly believes that a diverse Board will leverage differences in thought, perspective, knowledge, skill, industry experience and age, which will help us retain and maximize our competitive advantage. The Board functions either as a full Board or through various committees constituted to over-see specific operational areas. As on March 31, 2018, the Company's Board comprised of ten (10) Directors including, three (3) Independent Directors out of which includes one (1) Women Director.

During the year under review, the Board met six (6) times on April 12, 2017, May 19, 2017, August 29, 2017, October 23, 2017, November 13, 2017, and February 16, 2018. The interval between the two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013.

The names of the members of the Board, their status, their attendance at the Board Meetings and the last Annual General Meeting ("AGM"), number of other Directorships and Committee membership(s)/ chairmanship(s) of each Director are as under:

Sl. No.	Name of the Director	Category of Directors	No. of meetings held in FY 18	No. of meetings attended (including through electronic mode in FY 18)	Whether attended last AGM	No. of other Directors-ship held in other public companies	No. of other Board Committee Memberships	No. of Chairmanship of other Board Committees
1.	Mr. Manoj Kumar Nambiar	Managing Director	6	6	Yes	0	1	0
2.	Mr. Anurag Agrawal	Director	6	5	Yes	1	2	0
3.	Mr. Vineet Chandra Rai	Director	6	5	Yes	1	2	0
4.	Mr. Sumantra Banerjee	Independent Director	6	2	Yes	1	3	3
5.	Mr. Rajat Mohan Nag	Independent Director	6	5	Yes	0	3	2
6.	Ms. Matangi Gowrishankar	Independent Director	6	5	Yes	0	4	1
7.	Mr. Piyush Goenka	Nominee Director	6	5	Yes	1	9	0
8.	Mr. Kasper Svarrer	Nominee Director	6	5	Yes	0	0	0
9.	Mr. Wilhelmus Martinus Maria Van Der Beek	Nominee Director	6	4	No	0	2	0
10.	Mr. Kailash Chand Vaid	Nominee Director	6	4	Yes	1	1	0

1. None of the Directors held directorships in more than ten (10) public limited companies;

2. None of the Directors is related to any Director or is a member of an extended family;

3. None of the employees of the Company is related to any of the Directors;

4. None of the employees of the Company is related to any of the Directors;

5. None of the Directors has received any loans or advances from the Company during the year.

Board Member Evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of the Board, including the Executives, Non-executives, Independent Directors and Nominee Directors through a peer evaluation, excluding the director being evaluated. Some of the performance indicators based on which the directors were evaluated include:

- Participation in the meeting.
- Value addition
- Time devoted to analyse and examine governance and compliance issues
- Compliance with Law and relevant standards.
- Effectiveness of Governance.

- Risk Evaluation.

- Independence of management from Board

Committee of the Board - Composition as on March 31, 2018.

1. Audit Committee

The Audit Committee assists the Board in dissemination of financial information and in overseeing the financial and accounting processes in the company. The terms of the reference of the Audit Committee covers all matters specified in section 177 of the Companies Act, 2013. The terms of the reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/financial reporting systems and reviewing of the adequacy of the financial policies and practices followed by the Company. The Audit Committee also looks after the compliance with the legal and statutory requirements, the quarterly and annual financial statements and related party transactions and report its finding to the Board. The Committee also recommends the appointment of statutory auditor to the Board. The Committee also looks into those matters specifically referred to it by the Board.

Composition:

- Mr. Rajat Mohan Nag, Chairman
- Mr. Sumantra Banerjee, Member
- Ms. Matangi Gowrishankar, Member
- Mr. Piyush Goenka, Member
- Mr. Anurag Agrawal, Member



As on March 31, 2018 the Committee comprised of three (3) Independent Directors, one (1) Nominee Director and one (1) Promoter Director, all of whom are financially literate and have relevant finance exposure. The Managing Director, the Chief Financial Officer and Abin Mukhopadhyay, Head-Internal Audit are the permanent invitees to the meetings of the committee. The other directors are invited to attend the Audit Committee meetings as when required. The Company Secretary acts as the secretary to the Committee. The Audit Committee met four (4) times during the year on May 19, 2017, August 29, 2017, November 13, 2017 and February 16, 2018. The time gap between any two meetings was less than four (4) months.

Attendance of Directors:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Rajat Mohan Nag	Independent Director	4	3
Mr. Sumantra Banerjee	Independent Director	4	2
Ms. Matangi Gowrishankar	Independent Director	4	4
Mr. Piyush Goenka	Nominee Director	4	4
Mr. Anurag Agrawal	Director	4	2

The Chief Financial Officer, who is responsible for the finance function, the Head of Internal Audit and the representative of the Statutory Auditors, are regularly invited to attend meetings of the Audit Committee. Mr. Anirudh Singh G Thakur, Company Secretary, acts as the Secretary to the Audit Committee.

2. Risk Management Committee

Periodic assessment to identify the risk areas are carried out and management is briefed on the risks in advance to enable the Company to control risk through a properly defined plan. The risks are taken into account while preparing the annual business plan for the Company. The Board is periodically informed of the business risk and actions taken to manage them. The company has in place a risk management policy which provides an overview of the principles of the risk management of the company.

Composition:

- Mr. Rajat Mohan Nag, Chairman
- Mr. Sumantra Banerjee, Member
- Ms. Matangi Gowrishankar, Member
- Mr. Piyush Goenka, Member
- Mr. Wilhelmus Marthinus Maria Van Der Beek, Member

As on 31st March, 2018 the Committee comprised of three (3) Independent Directors and two (2) Nominee Directors. The Managing Director, the Chief Financial Officer and Head of Risk are the permanent invitees to the meetings of the committee. The other directors are invited to attend the

Risk Committee meetings as when required. The Company Secretary acts as the secretary to the Committee. The Risk Committee met four (4) times during the year on May 19, 2017, August 29, 2017, November 13, 2017 and February 16, 2018.

Attendance of Directors:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Rajat Mohan Nag	Independent Director	4	3
Mr. Sumantra Banerjee	Independent Director	4	2
Ms. Matangi Gowrishankar	Independent Director	4	4
Mr. Piyush Goenka	Nominee Director	4	4
Mr. Wilhelmus Marthinus Maria Van Der Beek	Nominee Director	4	1

3. HR and Compensation Committee

The functions of this Committee include recommending to the Board the quantum of remuneration (including performance bonuses and incentives) payable to employees and recommending of grant of ESOPs to employees of the Company along with the Key Managerial Personnels. The Committee is headed by an Independent Director. Other responsibilities include helping manage and advise an appropriate organization structure, review and approve HR policies, oversee employee engagement, and training programs and any other HR related issues.

Composition:

- Ms. Matangi Gowrishankar, Chairman
- Mr. Sumantra Banerjee, Member
- Mr. Rajat Mohan Nag, Member
- Mr. Piyush Goenka, Member
- Mr. Vineet Chandra Rai, Member

As on March 31, 2018 the Committee comprised of three (3) Independent Directors, one (1) Nominee Director and one (1) Promoter Director. The Managing Director, Chief Financial Officer and the HR Head are the permanent invitees to the meetings of the Committee. The other directors are invited to attend the HR and Compensation Committee meetings as when required. The Company Secretary acts as the secretary to the Committee. The Committee met four times during the year on May 19, 2017, August 29, 2017, November 13, 2017 and February 16, 2018.

Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Rajat Mohan Nag	Independent Director	4	3
Mr. Sumantra Banerjee	Independent Director	4	2
Ms. Matangi Gowrishankar	Independent Director	4	4
Mr. Piyush Goenka	Nominee Director	4	4
Mr. Vineet Chandra Rai	Director	4	4

4. Corporate Social Responsibility Committee

Corporate Social Responsibility Committee monitors the overall CSR Activities of the Company. It provides guidance on various areas where CSR activities can be carried out. The Committee is headed by an Independent Director.

Composition:

- Mr. Sumantra Banerjee, Chairman
- Mr. Anurag Agrawal, Member
- Mr. Wilhelmus Marthinus Maria Van Der Beek, Member
- Mr. Manoj Kumar Nambiar, Member

As on March 31, 2018 the Committee comprised of one (1) Independent Director, one (1) Promoter Director, one (1) Nominee Director and the Managing Director. The Chief Financial Officer and HR Head is the permanent invitee to the meetings of the Committee. The other directors are invited to attend the Corporate Social Responsibility Committee meetings as when required. The Company Secretary acts as the secretary to the Committee. The Committee met twice (2) during the year on May 19, 2017 and November 13, 2017.

Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Sumantra Banerjee	Independent Director	2	2
Mr. Anurag Agrawal	Director	2	1
Mr. Manoj Kumar Nambiar	Managing Director	2	1
Mr. Wilhelmus Marthinus Maria Van Der Bek	Nominee Director	2	2

5. Corporate Governance Committee

The Corporate Governance Committee (the "Committee") shall assist the Board of the Company in fulfilling its oversight responsibilities in the following principal areas: (i) developing a set of corporate governance rules, including a code of conduct and ethics; (ii) reviewing and recommending the compensation of the Company's directors; and (iii) facilitating the evaluation of the Board and Committees of the Board. The Committee further reviews and makes recommendations regarding the Board's approach to director independence. The Corporate Governance Committee develops and where appropriate, recommends to the Board a set of corporate governance principles including a code of conduct and ethics, aimed at fostering a healthy governance culture. It also oversees the evaluation of the Board and is headed by an Independent Director and comprises of three Directors. Periodically, in consultation with the Chair, the Committee reviews composition and Chairs of various Committees. As mandated by SEBI (LODR) Regulations and as per Corporate Governance the performance evaluation of the Directors, including the Chairperson was carried out. Such evaluation was carried out through separate structural questionnaires.

Composition:

- Mr. Sumantra Banerjee, Chairman
- Mr. Rajat Mohan Nag, Member

- Mr. Kailash Chand Vaid, Member
- Ms. Matangi Gowrishankar, Member

Only one (1) meeting held during the year on May 19, 2017.

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Sumantra Banerjee	Independent Director	1	1
Mr. Rajat Mohan Nag	Independent Director	1	1
Mr. Kailash Chand Vaid	Nominee Director	1	1
Ms. Matangi Gowrishankar	Independent Director	1	1

6. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board is responsible for ensuring that the directors appointed would have appropriate skills to support the functioning of the company. The Committee reviews the candidature of the Directors and ensures that they are fit and proper as per the guidelines of RBI and Companies Act, 2013.

Remuneration Policy:

Nomination and Remuneration Committee of the Company also determines the sitting fees to be paid to the non-executive directors of the company. In case the Company determines the use of services of the Directors for specific assignments then the Company would compensate the directors additionally for their professional services and such compensation would be determined by the Board after being recommended by the Committee. The compensation payable to the Independent Directors is as decided by the Board, the sum of which does not exceed 1% of the net profits for the year, calculated as per the provisions of the Companies Act, 2013.

Composition:

- Mr. Rajat Mohan Nag, Chairman
- Mr. Sumantra Banerjee, Member
- Ms. Matangi Gowrishankar, Member
- Mr. Piyush Goenka, Member
- Mr. Vineet Chandra Rai, Member

As on March 31, 2018 the Committee comprised of three (3) Independent Directors, one (1) Nominee Director and one (1) Promoter Director. The other directors are invited to attend the Nomination and Remuneration committee meetings as when required. No meetings were held during the Financial Year 2017-18.

7. Share Allotment and Securities Transfer Committee

The Share Allotment and Securities Transfer Committee of the Board is responsible for ensuring that the shares allotment and transfer of the company should be fit and proper as per the guidelines of Companies Act, 2013.

Composition:

- Mr. Manoj Kumar Narayan Nambiar, Chairman
- Mr. Anurag Agrawal, Member
- Mr. Vineet Chandra Rai, Member



- Mr. Piyush Goenka, Member

As on March 31, 2018 the Committee comprised of Managing Director, one (1) Nominee Director and two (2) Promoter Directors. The Chief Financial Officer are the permanent invitee to the meetings of the committee. The other directors are invited to attend the Share Allotment and Securities Transfer Committee meetings as when required. The Committee met once (1) during the year on March 29, 2018.

Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Manoj Kumar Nambiar	Managing Director	1	1
Mr. Anurag Agrawal	Director	1	0
Mr. Vineet Chandra Rai	Director	1	0
Mr. Piyush Goenka	Nominee Director	1	1

8. IT Strategy Committee

NBFCs are required to form an IT Strategy Committee. The chairman of the committee shall be an Independent Director and CFO should be a part of the committee. The IT Strategy Committee should meet at an appropriate frequency but not more than six months should elapse between two meetings. The Committee shall work in partnership with other Board committees and Senior Management to provide input to them. It will also carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.

Composition:

- Mr. Sumantra Banerjee, Chairman
- Mr. Piyush Goenka, Member
- Mr. Manoj Kumar Narayan Nambiar, Member
- Mr. Arvind Murarka, Member

The Committee comprised of one Independent director, one investor or nominee director, executive director and head of IT. The Chief Financial Officer and the Head- IT are the permanent invitee to the meetings of the committee. The other directors are invited to attend the IT Strategy Committee meetings as when required. The committee was formed after the meeting of the Board of Directors held on February 16, 2018. No meetings were held during the Financial Year 2017-18.

General Body Meetings

Details of location and time, where last three Annual General Meetings held are given below:

Financial Year	Category	Location	Date	Time
2016-2017	AGM	Novotel, CF 11 Action Area 1C Newtown, Rajarhat, Kolkata-700156	August 29, 2017	5:00 PM

2015-2016	AGM	Novotel, CF 11 Action Area 1C Newtown, Rajarhat, Kolkata-700156	August 4, 2015	2:30 PM
2014-2015	AGM	Registered Office	July 25, 2014	3:30 PM

The following business items were approved by Special Resolution in the last three AGMs, and were passed with the requisite majority:

FY 2014-15: 1. Appointment of Mr. Rajat Mohan Nag as Independent Director

2. Issue of Non-convertible Debenture

3. Increase in Borrowing power and creation of charge

FY 2015-16: 1. Appointment of Matangi Gowrishankar as an Independent Director

2. Issue of Non-convertible Debenture

3. Increase in Borrowing power and creation of charge

4. To obtain consent of shareholders to give effect of holding company restructuring.

FY 2016-17: 1. Issue of Non-convertible Debentures

2. Regularization of Mr. Kasper Svarrer as a Nominee Director

3. Approval of Arohan ESOP Plan- 2017

4. Increase in the Borrowings power and creation of charge

5. Re-appointment of Managing Director

Vigil Mechanism

The Company has an established mechanism for Directors, Employees, Clients, partners, investors or the public at large to report concerns about unethical behaviour, actual or suspected fraud, violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of Directors, Employees, Clients, partners, investors who avail of the mechanism. The company affirms that no personnel has been denied access to the audit committee. The company has formulated a policy of the vigil mechanism that any personnel may raise reportable matters at an early date after becoming aware of the same. To ensure the highest level of good governance, Arohan's overall whistleblower policy has been determined against the organizations' core values.

Disclosure under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The company has in place an POSH Policy (Prevention of Sexual Harassment) in line with the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The policy is also uploaded on the website of the Company.

General Shareholders Information**Company Registration details**

The Company is based in Kolkata and operates in ten geographies at present, West Bengal, Assam, Bihar, Jharkhand, Odisha, Meghalaya, Chattisgarh, Tripura, Uttar Pradesh and Maharashtra.

CIN: U74140WB1991PTC053189.

RBI registration no: B.05.02932

Materially significant related party transactions

Subject to disclosure in the financial 2017-18 in notes to the accounts under AS 18, no materially significant related party transactions that may have potential conflict with the interests of the company at large were reported during Financial Year 2017-18.

Branch Offices

The Company has 435 branches as on March 31, 2018 across ten geographies.

Address for correspondence

Shareholders/investors may write to the Company Secretary at the following address:

The Company Secretary & Compliance Officer

PTI Building, 4th Floor, DP Block, DP-9,

Sector-5, Salt Lake, Kolkata-700091

Email- compliance@arohan.in

Ph: 033 4015 6000

Catalyst Trusteeship Limited and IDBI Trusteeship

Services Limited has been appointed as the Debenture Trustees by the Company.

Debenture holders may write to the Company Secretary at the following address:

Catalyst Trusteeship Limited

Office No-83-87,8th Floor,
Mittal Tower, 'B' Wing, Nariman Point
Mumbai-400021

IDBI Trusteeship Services Limited

Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001.

Means of Communication with other stakeholders

All important information relating to the Company and its performance, including financial results, are posted on the website of the Company: www.arohan.in.

The half yearly financial results of the company are published in the leading newspapers, viz. Financial Express and Dainik Jugoshankha as per the Regulation.

Annexure V:**Form MGT9****Extract Of Annual Return****as on financial year ended on 31.03.2018**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I Registration & Other Details:

i	CIN	U74140WB1991PTC053189
ii	Registration Date	27-09-1991
iii	Name of the Company	Arohan Financial Services Pvt Ltd
iv	Category/Sub-category of the Company	NBFC- MFI
v	Address of the Registered office & contact details	PTI Building, 4th Floor, DP-9, Sector-5, Salt Lake, Kolkata
vi	Whether listed company	Unlisted (Debentures are listed in WDM segment of BSE)
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link In Time India Private limited, 59C, Chowringhee Road, 3rd Floor Kolkata - 700 020, West Bengal, India, Tele: 033- 2289-0540 Fax: 033- 2289-0539

II Principal Business Activities Of The Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/ services	"NIC Code of the Product /service"	"% to total turnover of the company"
1	NBFC- MFI	64990	100%

III Particulars Of Holding , Subsidiary & Associate Companies

SI No	Name & Address of the Company	CIN/GLN	"HOLDING/ SUBSIDIARY/ ASSOCIATE"	"% OF SHARES HELD"	"APPLICABLE SECTION"
1	Not Applicable				



IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
"b) Central Govt. or State Govt."	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	26784659	-	26784659	32.44	9143320	12354499	21497819	24.30	-8.14
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	26784659	-	26784659	32.44	9143320	12354499	21497819	24.30	-8.14
(2) Foreign									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL: (A) (2)	-	-	-	-	-	-	-	-	-
"Total Shareholding of Promoter (A)= (A)(1)+(A) (2)"	26784659	-	26784659	32.44	9143320	12354499	21497819	24.30	-8.14
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
C) Cenntal govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	7549892	46067155	53617047	64.94	57580994	4973858	62554852	70.71	5.77
"h) Foreign Venture Capital Funds"	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	7549892	46067155	53617047	64.94	57580994	4973858	62554852	70.71	5.77
(2) Non Institutions									
a) Bodies corporates									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	62815	6419	69234	0.08	36182	4336	40518	0.046	-0.03
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	987730	758182	1745912	2.12	2792963	1286185	4079148	4.61	2.49
c) Others (specify)									
Arohan ESOP Trust	345516	-	345516	0.42	293016	-	293016	0.33	-0.09
SUB TOTAL (B)(2):	1396061	764601	2160662	2.62	3122161	1290521	4412682	4.99	2.37
"Total Public Shareholding (B)= (B)(1)+(B)(2)"	8945953	46831756	55777709	67.56	60703155	6264379	66967534	75.70	8.14
"C. Shares held by Custodian for GDRs & ADRs"	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	35730612	46831756	82562368	100	69846475	18618878	88465353	100	



(i) Share Holding of Promoters

Sl No.	Shareholders Name	" Shareholding at the beginning of the year "			" Shareholding at the end of the year "			% change in share holding during the year
		No. of shares	" % of total shares of the company "	" % of shares pledged encumbered to total shares "	No. of shares	" % of total shares of the company "	" % of shares pledged encumbered to total shares "	
1	IntelleCash Microfinance Network Co Pvt Ltd *	18067494	21.88	-	-	-	-	21.88
2	Aavishkaar Venture Management Services Private Limited *	8717165	10.56	-	91,43,320	10.34	-	0.22
3	Intellectual Capital Advisory Services Pvt Ltd*	-	-	-	1,23,54,499	13.97	-	13.97
	Total	26784659	32.44	-	21497819	24.30		36.07

(ii) Change In Promoters' Shareholding (Specify If There Is No Change)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	IntelleCash Microfinance Network Co Pvt Ltd *	18067494	21.88	-	-
2	Aavishkaar Venture Management Services Private Limited *	8717165	10.56	91,43,320	10.34
3	Intellectual Capital Advisory Services Pvt Ltd*	-	-	1,23,54,499	13.97
	Total	26784659	32.44	21497819	24.31

*Note: The change in promoters shareholding was due to merger.

(iii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Aavishkaar Goodwell India Microfinance Development Company				
	At the beginning of the year	14152170	17.14	14152170	17.14
	Increase/ Decrease	4387359	3.82	4387359	3.82
	At the end of the year	18539529	20.96	18539529	20.96
2	TANO India Private Equity Fund II				
	At the beginning of the year	20462580	24.78	20462580	24.78
	Increase/ Decrease	-3548301	-5.66	-3548301	-5.66
	At the end of the year	16914279	19.12	16914279	19.12
3	Maj Invest Financial Inclusion Fund II K/S				
	At the beginning of the year	11452405	13.87	11452405	13.87

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	Increase/ Decrease	3088912	2.57	3088912	2.57
	At the end of the year	14541317	16.44	14541317	16.44
4	TR Capital III Mauritius				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Increase/ Decrease	9288747	10.50	9288747	10.50
	At the end of the year	9288747	10.50	9288747	10.50
5	Michael & Susan Dell Foundation				
	At the beginning of the year	4460980	5.40	4460980	5.40
	Increase/ Decrease	-1190000	-1.70	-1190000	-1.70
	At the end of the year	3270980	3.70	3270980	3.70
6	Rajesh Sachdeva				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Increase/ Decrease	2101219	2.38	2101219	2.38
	At the end of the year	2101219	2.38	2101219	2.38
7	Swaminathan Aiyar				
	At the beginning of the year	677028	0.82	677028	0.82
	Increase/ Decrease	NIL	-0.05	NIL	-0.05
	At the end of the year	677028	0.77	677028	0.77
8	Ajay Sharma				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Increase/ Decrease	507000	0.57	507000	0.57
	At the end of the year	507000	0.57	507000	0.57
9	ESOP Trust				
	At the beginning of the year	787916	1.52	787916	1.52
	Increase/ Decrease	494900	1.19	494900	1.19
	At the end of the year	293016	0.33	293016	0.33
10	Jayesh Arvind Parekh				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Increase/ Decrease	172033	0.19	172033	0.19
	At the end of the year	172033	0.19	172033	0.19

(iv) Shareholding of Directors & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Milind Ramchandra Nare				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Increase/ Decrease	10000	0.01	10000	0.01
	At the end of the year	10000	0.01	10000	0.01



(v) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	"Secured Loans excluding deposits"	"Unsecured Loans"	Deposits	Total
Indebtness at the beginning of the financial year				
i) Principal Amount	7,78,55,32,410	35,00,00,000	-	8,13,55,32,410
ii) Interest due but not paid	5,13,31,665	-	-	5,13,31,665
iii) Interest accrued but not due	5,27,59,237	-	-	5,27,59,237
				-
Total (i+ii+iii)	7,88,96,23,312	35,00,00,000	-	8,23,96,23,312
Change in Indebtedness during the financial year				
Additions	34,66,15,98,288	1,17,72,58,066	-	35,83,88,56,354
Reduction	25,32,37,60,248	-	-	25,32,37,60,248
Net Change	9,33,78,38,040	1,17,72,58,066	-	10,51,50,96,106
Indebtedness at the end of the financial year				
i) Principal Amount	17,12,33,70,450	1,52,72,58,066	-	18,65,06,28,516
ii) Interest due but not paid	7,67,32,702	-	-	7,67,32,702
iii) Interest accrued but not due	4,24,87,630	-	-	4,24,87,630
				-
Total (i+ii+iii)	17,24,25,90,782	1,52,72,58,066	0	18,76,98,48,848

(vi) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole Time Director (WTD) and/or Manager:

Sl.No	Particulars of Remuneration	Name of the Managing Director / Whole Time Director / Manager		
		Manoj Kumar Nambiar, MD	WTD	
1	Gross salary		-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	1,12,28,406	-	
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	21,600		-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
	others (specify)	-	-	-
5	Others, please specify	-	-	-
	Total (A)	1,12,50,006	-	-
	Ceiling as per the Act			

B. Remuneration to other directors:

Sl.No	Particulars of Remuneration	Name of the Directors		
		Matangi Gowrishankar	Sumantra Banerjee	Rajat Mohan Nag
1	Independent Directors			
	(a) Fee for attending board committee meetings	2,55,553	1,44,443	1,99,998
	(b) Commission			
	(c) Others, please specify			
	Total (1)	2,55,553	1,44,443	1,99,998
2	Other Non Executive Directors			
	"(a) Fee for attending board committee meetings"			
	(b) Commission			
	(c) Others, please specify.			
	Total (2)			
	Total (B)=(1+2)	2,55,553	1,44,443	1,99,998
	Total Managerial Remuneration			
	Overall Ceiling as per the Act.			

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/Whole Time Director

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	"Company Secretary - Anirudh Singh G Thakur (23-10-2017 to 31-03-2018)"	CFO	"Company Secretary - Vanita Mundhra (01-04-2017 to 22-10-2017)"
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	19,79,950	68,71,711	5,28,684
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	9,000	21,600	
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-			
2	Stock Option	-			
3	Sweat Equity	-			
4	Commission as % of profit	-			
	others, specify	-			
5	Others, please specify	-			
	Total		19,88,950	68,93,311	5,28,684

(vii) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There was no penalties/punishment/compounding of offenses for the year ending March 31, 2018



Independent Auditor's Report

To the Members of Arohan Financial Services Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Arohan Financial Services Private Limited, ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounting Standards) amended Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards of Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the

auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the financial statements dealt with by this report are in agreement with the books of account;

d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. on the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 27 April 2018 as per Annexure B expresses our unmodified opinion on adequacy and

Independent Auditor's Report(contd.)

operative effectiveness of internal controls over financial reporting; and

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. the Company, as detailed in Note 35 to the financial statements, has disclosed the impact of pending litigations on its financial position;

ii. the Company did not have any long-term contracts including derivatives contract for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

per **Anamitra Das**

Partner

Membership No.: 062191

Place: Kolkata

Date: 27 April 2018

Annexure A to the Independent Auditor's Report of even date to the members of Arohan Financial Services Private Limited, on the financial statements for the year ended 31 March 2018

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The Company does not hold any immovable property (in

the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not undertaken any transaction in respect of loans, guarantees and security covered under section 185 of the Act. In our opinion, the Company has the Company has not undertaken any transaction in respect of investments, guarantees and security covered under section 186 of the Act. Further, in our opinion, the Company has complied with the provisions of section 186 of the act in respect of loans given.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.



Independent Auditor's Report(contd.)

(b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹lacs)	Amount Paid Under Protest (₹lacs)	Period to which the amount relates	Forum where dispute is pending
The Income-tax Act, 1961	Income Tax	62.95	9.44	AY 2011-12	Commissioner of Income Tax (Appeals).
The Income-tax Act, 1961	Income Tax	6.18	Nil	AY 2012-13	Income Tax Appellate Tribunal
The Income-tax Act, 1961	Income Tax	1.69	0.25	AY 2013-14	Commissioner of Income Tax (Appeals).
The Income-tax Act, 1961	Income Tax	22.89	11.52	AY 2014-15	Commissioner of Income Tax (Appeals).

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to government.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the terms loans were applied for the purposes for which the loans were obtained, though idle funds which were not required for immediate utilization have been invested in liquid investments, payable on demand.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees or by the Company have been noticed or reported during the course of our audit.

(xi) Managerial remuneration has been paid/provided by the Company in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them, covered under Section 192 of the Act.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

per **Anamitra Das**

Partner

Membership No.: 062191

Place: Kolkata

Date: 27 April 2018

Annexure B to the Independent Auditor's Report of even date to the members of Arohan Financial Services Private Limited, on the financial statements for the year ended 31 March 2018

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of Arohan Financial Services Private Limited ("the Company") as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of

Independent Auditor's Report(contd.)

IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting

and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Anamitra Das**

Partner

Membership No.: 062191

Place: Kolkata

Date: 27 April 2018

Arohan Financial Services Private Limited

Balance Sheet as at 31 March 2018 | (All amounts in ₹ unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
Equity and liabilities			
Shareholders' funds			
Share capital	4	88,22,43,530	82,26,88,680
Reserves and surplus	5	2,92,22,23,715	2,58,90,30,504
		3,80,44,67,245	3,41,17,19,184
Non-current liabilities			
Long-term borrowings	6	9,06,25,10,576	4,08,70,64,840
Other long-term liabilities	8	3,83,33,638	65,13,336
Long-term provisions	9	28,71,42,170	5,02,07,334
		9,38,79,86,384	4,14,37,85,510
Current liabilities			
Short-term borrowings	6	2,34,16,61,075	67,95,30,000
Other current liabilities	11	8,01,55,98,667	3,77,49,82,956
Short-term provisions	9	1,04,38,270	8,43,86,321
		10,36,76,98,012	4,53,88,99,277
Total		23,56,01,51,641	12,09,44,03,971
Assets			
Non-current assets			
Property, plant and equipment - Tangible assets	13	4,99,20,513	2,59,72,265
Intangible assets	14	5,34,11,627	2,34,01,367
Intangible asset under development		-	2,48,47,000
Non-current investments	15	5,00,000	5,00,000
Deferred tax assets (net)	16	7,85,10,734	3,44,24,871
Loan to customers	17	4,52,31,15,161	71,39,33,546
Long-term loans and advances	18	91,25,158	1,11,48,167
Other non-current assets	19	49,23,85,376	67,82,00,913
		5,20,69,68,570	1,51,24,28,129
Current assets			
Current investments	15	1,58,296	-
Cash and bank balances	20	1,77,90,33,776	1,90,53,51,356
Loan to customers	17	16,05,23,71,725	8,38,85,01,217
Short-term loans and advances	18	14,09,47,567	6,85,64,374
Other current assets	21	38,06,71,708	21,95,58,895
		18,35,31,83,072	10,58,19,75,842
Total		23,56,01,51,641	12,09,44,03,971
Notes 1 to 43 form an integral part of these financial statements.			

This is the Balance Sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Anamitra Das**
Partner

Place: Kolkata
Date: 27 April 2018

For and on behalf of Board of Directors of
Arohan Financial Services Private Limited

Manoj Kumar Nambiar
Managing Director

Anirudh Singh G Thakur
Company Secretary

Place: Kolkata
Date: 27 April 2018

Anurag Agrawal
Director

Milind Nare
Chief Financial Officer

Arohan Financial Services Private Limited

Statement of Profit and Loss for the year ended 31 March 2018 | (All amounts in ₹ unless otherwise stated)

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue			
Revenue from operations	22	3,21,68,94,126	2,10,44,77,722
Other income	23	5,32,81,738	4,53,55,223
Total revenue		3,27,01,75,864	2,14,98,32,945
Expenses			
Employee benefits expense	24	69,15,80,868	43,84,83,602
Finance costs	25	1,23,57,44,000	98,77,59,693
Depreciation and amortisation expense	26	3,04,83,995	1,31,18,623
Provisions and write offs	27	48,55,42,462	8,03,15,381
Other expenses	28	37,26,42,010	21,98,42,487
Total expenses		2,81,59,93,335	1,73,95,19,786
Profit before tax		45,41,82,529	41,03,13,159
Tax expense			
Current tax expense		20,26,04,393	14,73,35,809
Tax expense/(reversal) for earlier periods		(9,97,617)	4,55,157
Deferred tax credit		(4,40,85,863)	(1,21,04,851)
Profit for the year		29,66,61,616	27,46,27,044
Earnings per equity share [EPES]	36		
Nominal value per share		10.00	10.00
Basic		3.35	4.86
Diluted		3.35	4.86
Notes 1 to 43 form an integral part of these financial statements			

This is the Statement of Profit and Loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Anamitra Das**
Partner

Place: Kolkata
Date: 27 April 2018

For and on behalf of Board of Directors of
Arohan Financial Services Private Limited

Manoj Kumar Nambiar
Managing Director

Anirudh Singh G Thakur
Company Secretary

Place: Kolkata
Date: 27 April 2018

Anurag Agrawal
Director

Milind Nare
Chief Financial Officer

Arohan Financial Services Private Limited

Cash Flow Statement for the year ended 31 March 2018 | (All amounts in ₹ unless otherwise stated)

		Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities			
Profit before tax		45,41,82,529	41,03,13,159
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expense		3,04,83,995	1,31,18,623
Provisions and write offs		48,55,42,462	8,03,15,381
Finance costs		1,23,57,44,000	98,77,59,693
Liabilities written back		(4,03,099)	(2,64,827)
Employee stock option expenditure		19,87,222	1,45,101
Gain on sale of investments		(2,10,73,824)	(2,38,15,410)
Gain on sale of assets		(1,46,479)	(29,693)
Operating profit before working capital changes		2,18,63,16,806	1,46,75,42,027
Adjustments to changes in working capital:			
Increase in loans to customers		(11,58,55,25,115)	(3,25,74,99,717)
(Increase) / decrease in long-term loans and advances		(49,51,485)	87,41,597
Increase in short-term loans and advances		(7,06,77,397)	(2,24,21,963)
(Increase)/decrease in other non-current assets		3,45,14,001	(3,45,82,225)
Increase in other current assets		(12,68,81,094)	(4,36,70,262)
Increase/(decrease) in long-term provisions		9,27,60,920	(90,76,724)
Increase/(decrease) in short-term provisions		(7,75,10,973)	1,23,77,772
(Increase)/decrease in margin money deposit (net)		4,88,82,651	(12,42,43,971)
Increase in other liabilities		35,25,31,944	10,92,89,870
Cash used in operating activities		(9,15,05,39,742)	(1,89,35,43,597)
Income taxes paid (net of refund)		(19,69,38,885)	(15,04,22,323)
Net cash used in operating activities	(A)	(9,34,74,78,627)	(2,04,39,65,920)
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,80,63,402)	(2,09,67,908)
Purchase of intangible assets		(1,45,40,120)	(4,30,71,646)
Proceeds from sale of property, plant and equipment		3,58,060	1,14,845
Purchase of investments		(17,27,16,99,999)	(6,07,34,00,001)
Proceeds from sale of investments		17,29,27,73,823	6,09,72,15,411
Net cash used in investing activities	(B)	(3,11,71,638)	(4,01,09,299)

Arohan Financial Services Private Limited

Cash Flow Statement for the year ended 31 March 2018 (Contd.) | (All amounts in ₹ unless otherwise stated)

		Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from financing activities			
Proceeds from issue of equity shares (including share application money)		10,01,525	1,55,80,17,442
Share issue expenses		-	(2,31,70,342)
Proceeds from long-term borrowings (net)		8,72,06,80,719	2,47,87,50,337
Proceeds from short-term borrowings (net)		1,64,09,21,844	26,17,29,000
Interest and finance charges paid		(1,24,38,02,951)	(94,56,85,539)
Net cash generated from financing activities	(C)	9,11,88,01,137	3,32,96,40,898
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(25,98,49,128)	1,24,55,65,679
Cash and cash equivalents as at the beginning of the year		1,82,68,22,487	58,12,56,808
Add: Increase in cash and cash equivalents due to amalgamation		1,91,46,870	-
Cash and cash equivalents as at the end of the year (refer note 1)		1,58,61,20,229	1,82,68,22,487
Note 1:			
Cash and bank balances as per Note 20		1,77,90,33,776	1,90,53,51,356
Less: Other bank balances		19,29,13,547	7,85,28,869
Cash and cash equivalents considered for cash flow		1,58,61,20,229	1,82,68,22,487

This is the Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Anamitra Das**
Partner

Place: Kolkata
Date: 27 April 2018

For and on behalf of Board of Directors of
Arohan Financial Services Private Limited

Manoj Kumar Nambiar
Managing Director

Anirudh Singh G Thakur
Company Secretary

Place: Kolkata
Date: 27 April 2018

Anurag Agrawal
Director

Milind Nare
Chief Financial Officer



Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

1. Company overview

Arohan Financial Services Private Limited ("the Company" or "Arohan") is a company domiciled in India and registered under the provisions of the Companies Act, 1956. The Company has been registered as a Non-Banking Financial Company ("NBFC") with the Reserve Bank of India ("the RBI") from 8 July 2009 and pursuant to the notification issued by the RBI for classification of NBFCs as Non-Banking Finance Company – Micro Finance Institutions ("NBFC-MFI"), the Company's application for registration as an NBFC-MFI was approved by the RBI on 10 January 2014.

As a NBFC-MFI with headquarters in Kolkata, Arohan mainly operates in the low income states such as Bihar, Jharkhand, Odisha, Assam, West Bengal, Chattisgarh, Meghalaya, Uttar Pradesh etc. The Company is primarily engaged in providing the livelihood promotion services such as micro-credit to socio-economically disadvantaged customers un-reached by the formal banking systems and other allied services such as distribution of insurance and pension products.

2. Basis of preparation

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India ("Indian GAAP") and comply in all material respects with the mandatory Accounting Standards ("AS") prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and with the relevant provisions of the Act, pronouncements of the Institute of Chartered Accountants of India ('ICAI') and guidelines issued by the RBI as applicable to a NBFC-MFI. The financial statements have been prepared on an accrual basis except for interest on non-performing loan assets which are accounted on cash basis based on the guidelines issued by the RBI from time to time. The accounting policies applied by the Company are consistent with those used in the prior period.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of work, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

3. Significant accounting policies

a. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions

for doubtful loans and advances, future obligations under employee retirement benefit plans, income taxes and the useful lives of property, plant and equipment.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

b. Property, plant and equipment – tangible assets

Property, plant and equipment ('PPE') are stated at cost, net of accumulated depreciation. The cost of an asset comprises its purchase price and any cost directly attributable for bringing the asset to its working condition and location for its intended use.

c. Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortization.

d. Depreciation/Amortization

Depreciation on PPE is provided on straight line method over the useful lives of assets prescribed under Schedule II of the Act. In respect of additions, depreciation is provided on pro-rata basis from the date of acquisition/installation. Written down value of all assets acquired prior to 1st April 2014 are being depreciated over their remaining useful life as prescribed in Schedule II of the Act.

Computer software expenditure is amortized over a period of 5 years on straight line method.

e. Impairment of Property, plant and equipment and intangible assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

f. Investments

Investments that are readily realizable and intended to be held for not more than a year and current maturities of long-term investments are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However provision for diminution in value is made to recognize a decline other

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than temporary in the value of the long-term investments.

g. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the collectability is reasonably assured.

- Interest on loans given is recognized on accrual basis at agreed interest rates, except in the case of Non-Performing Assets ("NPAs"), where interest is recognized upon realization, in accordance with the RBI guidelines.
- Loan processing fees income is recognized over the period of the loan on a straight-line basis.
- Interest income on deposits with banks is recognized in time proportion basis taking into account the amount outstanding and the rate applicable.
- Profit/loss on sale of investments is computed on the basis of weighted average cost of investments and recognized at the time of actual sale/redemption.

• Securitization and direct assignment of loan portfolio

Profit / premium arising at the time of securitization of loan portfolio is amortized over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognized in the statement of profit and loss account net of any losses when collected in cash.

• Acquisition of Assets through Direct Assignment of Cash Flows

Premium paid on purchased loans are amortized on straight line basis over the tenure of the loans. Discount on the purchased loans are accounted for on proportionate basis over the tenure of the loans in accordance with the repayment schedule.

- Grants are recognized where there is reasonable assurance that the enterprise will comply with the conditions attached to them; and where such benefits have been earned by the enterprise and it is reasonably certain that the ultimate collection will be made.

h. Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future

taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

i. Asset classification and provisioning

Loan asset classification of the Company is given in the table below:

Particulars	Criteria
Standard asset	The asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business
Non-performing assets	An asset for which, interest/ principal payment has remained overdue for a period of 90 days or more

Provision for loan portfolio

Provision for loan portfolio has been made in accordance with the provisioning requirements for NBFC-MFI issued by the RBI vide its circular no. DNBR.(PD) CC.No.008/03.10.119/2016-17 dated 1 September 2016 (as amended), which requires the minimum provision to be higher of (i) 1% of the outstanding loan portfolio or (ii) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more and management estimates of future losses, whichever is higher.

Loans and advances other than portfolio loans are provided for at the higher of management estimates and provision required as per the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.



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Loans write off

Under the following circumstances, loans are written off:

- Under extra-ordinary circumstances such as the death of a customer who has not received life insurance coverage or his/her spouse and/or any other incident where in the opinion of the management, the loan amount is not recoverable.
- Where the balance outstanding at the time of closure of loan is insignificant and in the opinion of the management, the cost of collection is not economically viable.
- All loss assets as identified in terms of Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

j. Earning per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of diluted earnings per equity share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

k. Employee benefits

Provident fund

The Company contributes to the provident fund maintained by the Regional Provident Fund Commissioner, in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the eligible employees. There are no other obligations of the Company other than the contributions made to the funds.

Gratuity

Gratuity is a post-employment defined benefit plan. An independent actuary, using the projected unit credit method calculates the defined benefit obligation annually. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the statement of profit and loss in the period in which such gains or losses arises.

Leave Encashment

Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the projected unit credit method. Actuarial losses/gains are recognized in the Profit and Loss Account in the year in which they arise.

Employee state insurance

The Company contributes to the Employees State Insurance Fund maintained by the state authorities, in accordance with

Employees State Insurance Act, 1948. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense on accrual basis. There are no other obligations of the Company other than the contributions made to the funds.

Employee share based payments

Recognition, measurement and disclosures relating to employee stock compensation is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments ("the Guidance Note"), issued by the ICAI. The Company uses intrinsic value method for the purposes of measurement of compensation cost and the fair value method for the purposes of additional disclosures in the financial statements. An independent valuer determines the intrinsic value of the underlying shares as on the date of the grant and compensation expenses, where applicable, are recognized as deferred employee stock compensation and is charged to statement of profit and loss using the straight line method over the vesting period.

l. Provision and contingent liabilities

- A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.
- A disclosure for a contingent liability is made when there is a possible obligation or a present obligation but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood on outflow of resources is remote, no provision or disclosure is made.
- Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

m. Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair values of the leased property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of rectum. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized. A leased asset is depreciated on a

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straight line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on straight-line basis over the lease term.

n. Transactions in foreign currency

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction. Foreign currency monetary items are reported using the year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

o. Borrowing costs

Interest on borrowing is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowing. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortized over the tenure of the respective borrowings. Unamortized borrowing cost remaining, if any, is fully expensed off as and when the related borrowing is prepaid / cancelled.

p. Cash and cash equivalents

Cash and cash equivalents comprise cash and deposit with banks. The Company considers all highly liquid investments with an original maturity at the date of purchase of three months or less and that are readily convertible into known amounts of cash to be cash equivalents.

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(All amounts in ₹ unless otherwise stated)

4	Share capital	As at 31 March 2018		As at 31 March 2017	
		Number	Amount	Number	Amount
	Authorised share capital				
	Equity shares of ₹10 each	11,24,53,320	1,12,45,33,200	9,03,53,320	90,35,33,200
		11,24,53,320	1,12,45,33,200	9,03,53,320	90,35,33,200
	Issued, subscribed and fully paid up				
	Equity shares of ₹10 each [refer note (a) below]	8,84,65,353	88,46,53,530	8,25,62,368	82,56,23,680
	Less: Amount recoverable from ESOP trust	(2,41,000)	(24,10,000)	(2,93,500)	(29,35,000)
		8,82,24,353	88,22,43,530	8,22,68,868	82,26,88,680
a	Reconciliation of Equity Share Capital	31 March 2018		31 March 2017	
		Number	Amount	Number	Amount
	Equity shares of ₹10 each				
	Balance at the beginning of the year	8,25,62,368	82,56,23,680	5,17,70,470	51,77,04,700
	Add: Conversion of 0.001% Compulsorily convertible preference shares	-	-	90,77,830	9,07,78,300
	Less: Cancellation pursuant to the Scheme [refer Note (e) below]	(1,80,67,494)	(18,06,74,940)	-	-
	Add: Shares issued pursuant to the Scheme [refer Note (e) below]	2,39,70,479	23,97,04,790	-	-
	Add: Issued during the year	-	-	2,17,14,068	21,71,40,680
	Balance at the end of the year	8,84,65,353	88,46,53,530	8,25,62,368	82,56,23,680
b	Reconciliation of Preference Share Capital	31 March 2018		31 March 2017	
		Number	Amount	Number	Amount
	Preference shares of ₹20 each				
	Balance at the beginning of the year	-	-	91,76,660	18,35,33,200
	Less: Conversion into Equity shares	-	-	(91,76,660)	(18,35,33,200)
	Balance at the end of the year	-	-	-	-

(c) Terms and rights attached:

“Equity Shares: The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees, if any. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting. During the current financial year the company has not proposed/declared any dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.”

(d) Details of shareholders holding more than 5% paid-up capital

	31 March 2018		31 March 2017	
	Number	%	Number	%
Equity shares of ₹10 each				
Intellectual Capital Advisory Services Pvt Ltd	1,23,54,499	13.97%	-	-
IntelleCash Microfinance Network Company Private Limited	-	-	1,80,67,494	21.88%
Aavishkaar Goodwell India Microfinance Development Company II Limited	1,85,39,529	20.96%	1,41,52,170	17.14%
Tano India Private Equity Fund II	1,69,14,279	19.12%	2,04,62,580	24.78%
Michael & Susan Dell Foundation	32,70,980	3.70%	44,60,980	5.40%
Maj Invest Financial Inclusion Fund II	1,45,41,317	16.44%	1,14,52,405	13.87%
TR Capital III Mauritius	92,88,747	10.50%	-	-
Aavishkaar Venture Management Services Private Limited	91,43,320	10.34%	87,17,165	10.56%

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(e) Scheme of Arrangement

"Pursuant to a Scheme of Arrangement ("the Scheme") under section 230 to 232 of the Companies Act, 2013, sanctioned by the National Company Law Tribunal ("NCLT"), Kolkata Bench vide its order dated 26 March 2018 and NCLT, Mumbai Bench vide its order dated 9th March 2018, Intellectash Microfinance Network Company Private Limited ("Transferor Company") merged with Arohan Financial Services Private Limited ("Transferee Company") with effect from 1 April 2017 ("Appointed Date"). The Scheme came into effect on 28 March 2018, the day on which both the order of the NCLT, Kolkata and Mumbai Bench were delivered to the Registrar of Companies. The investment held in the Transferee Company by the Transferor Company (1,80,67,494 equity shares of ₹ 10 each) have been cancelled (securities premium adjusted ₹ 5,66,79,154). The Transferee Company has issued 2.1344 equity shares for every 1 share held in the Transferor Company to the shareholders of the Transferor Company aggregating to 2,39,70,479 equity shares of ₹ 10 each."

(f) Employee stock option scheme ("ESOP Scheme")

Arohan ESOP Trust ("ESOP Trust") was formed on 19 March 2010 to promote participation of the eligible employees of the Company in the ownership and growth of the Company and to confer on them certain welfare benefits through the implementation of the welfare schemes. Pursuant to the shareholder's approval in the meeting held on 15 March 2010 (empowering the Board to take any further decisions with regard to ESOP schemes), the Board is authorized to issue employee stock options, that are exercisable into not more than 8,25,000 equity shares of the Company to eligible employees and has extended interest free loan to ESOP Trust under the Scheme to provide financial assistance to its employees to purchase equity shares of the Company under such the Scheme.

	ESOP 2013 (Revised)	ESOP 2016	ESOP 2017
Date of Grant	1 July 2014	20 May 2016	29 August 2017
Date of Board approval	29 April 2014	20 May 2016	19 May 2017
Number of options granted	2,37,500	17,500	2,29,280
Method of settlement	Equity	Equity	Equity
Vesting period	12 months from date of Grant	12 months from date of Grant	12 months from date of Grant
The exercise price and remaining contractual life of the ESOP Scheme are as follows:			
	31 March 2018	31 March 2017	
ESOP 2013 (Revised)			
Exercise price	16.23	16.23	
Weighted average remaining contractual life (in years)	-	0.25	
ESOP 2016			
Exercise price	24.77	24.77	
Weighted average remaining contractual life (in years)	-	0.30	
ESOP 2017			
Exercise price	84.70	-	
Weighted average remaining contractual life (in years)	0.41	-	
Reconciliation of stock options:			
	ESOP 2013 (Revised)	ESOP 2016	ESOP 2017
Outstanding as at 1 April 2014	-	-	-
Stock option issued during the year	2,37,500	-	-
Exercised and vested	-	-	-
Forfeited	5,000	-	-
Outstanding as at 31 March 2015	2,32,500	-	-
Stock option issued during the year	-	-	-
Exercised and vested	47,500	-	-
Forfeited/lapsed	10,000	-	-
Outstanding as at 31 March 2016	1,75,000	-	-
Stock option issued during the year	-	17,500	-
Exercised and vested	1,35,000	-	-
Forfeited/lapsed	5,000	-	-
Outstanding as at 31 March 2017	35,000	17,500	-
Stock option issued during the year	49,492	-	2,29,280
Exercised and vested	35,000	17,500	-
Forfeited/lapsed	-	-	-
Outstanding as at 31 March 2018	49,492	-	2,29,280

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(All amounts in ₹ unless otherwise stated)

5. Reserves and surplus	As at 31 March 2018	As at 31 March 2017
i) Securities premium reserve		
Balance at the beginning of the year	2,05,46,71,489	64,53,67,059
Add: Additions pursuant to the Scheme [refer Note 34(c)]	17,87,20,839	-
Add : Premium received on shares issued during the year	4,76,525	1,42,92,07,662
Less: Adjusted pursuant to the Scheme [refer Note 34(c)]	(18,40,78,484)	-
Add: Transferred from shares options outstanding account	3,93,225	32,67,110
Less: Share issue expense	-	(2,31,70,342)
Balance at the end of the year	2,05,01,83,594	2,05,46,71,489
ii) Share options outstanding account		
Balance at the beginning of the year	4,80,126	37,63,344
Add : Amount recorded on grants during the year	21,78,248	39,725
Less : Grants forfeited during the year	-	(50,500)
Less : Transferred to securities premium reserve account	(3,93,225)	(32,67,110)
Less : Deferred stock compensation expense	(1,91,026)	(5,333)
Balance at the end of the year	20,74,123	4,80,126
iii) Statutory reserve		
Balance at the beginning of the year	13,22,28,414	7,73,03,005
Add: Additions pursuant to the Scheme [refer Note 34(c)]	1,12,66,050	-
Add : Transfer from Statement of Profit and Loss (*)	5,93,32,323	5,49,25,409
Balance at the end of the year	20,28,26,787	13,22,28,414
(*) In accordance with the provision of Section 45-IC of the Reserve Bank of India Act, 1934, the Company has transferred 20% of the profit after tax for the period to the Statutory Reserve.		
iv) General reserve		
Balance at the beginning of the year	80,27,029	80,27,029
Less : Adjustment made during the year	-	-
Balance at the end of the year	80,27,029	80,27,029
v) Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	39,36,23,446	17,39,21,811
Add: Additions pursuant to the Scheme [refer Note 34(c)]	2,81,59,443	-
Add : Profit for the year	29,66,61,616	27,46,27,044
Less : Transfer to Statutory reserve	(5,93,32,323)	(5,49,25,409)
Balance at the end of the year	65,91,12,182	39,36,23,446
	2,92,22,23,715	2,58,90,30,504

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Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

6 Borrowings	As at 31 March 2018		As at 31 March 2017	
	Long-term	Short-term	Long-term	Short-term
Secured				
Debentures	1,14,00,21,787	-	1,58,04,99,976	-
Term loans				
From Banks	9,67,15,45,684	1,84,50,00,000	2,67,42,72,674	51,75,00,000
From Others	3,97,01,41,904	-	2,85,12,29,760	16,20,30,000
Working capital facility from a bank	-	49,66,61,075	-	-
	14,78,17,09,375	2,34,16,61,075	7,10,60,02,410	67,95,30,000
Unsecured				
Term loan from a bank	25,00,00,000	-	25,00,00,000	-
Debentures	75,00,00,000	-	10,00,00,000	-
Loans from related parties	2,72,58,066	-	-	-
Term loan from others	50,00,00,000	-	-	-
	1,52,72,58,066	-	35,00,00,000	-
Total borrowings	16,30,89,67,441	2,34,16,61,075	7,45,60,02,410	67,95,30,000
Less: Current maturities of long-term borrowings	7,24,64,56,865	-	3,36,89,37,570	-
Total	9,06,25,10,576	2,34,16,61,075	4,08,70,64,840	67,95,30,000
Current maturities of long-term borrowings				
Term loans				
From Banks	5,26,65,61,834	-	1,87,26,78,572	-
From Others	1,95,30,65,263	-	1,34,62,58,998	-
Loans and advances from related parties	2,68,07,980	-	-	-
Debentures	21,788	-	15,00,00,000	-
	7,24,64,56,865	-	3,36,89,37,570	-

a) Terms and conditions of debentures issued

Name of Debenture Holder	Amount borrowed (₹)	Rate of Interest	Repayment Schedule
Secured debentures			
Microfinance Initiative for Asia (MIFA) Debt Fund SA, SICAV-SIF (Face Value ₹1,000,000)	20,00,00,000	14.30%	Bullet Repayment in January 2021
UTI International Wealth Creator 4 (Face Value ₹1,000,000)	33,00,00,000	14.30%	Bullet Repayment in December 2021
Blue Orchard Microfinance Fund for Asia (MIFA) Debt Fund SA, SICAV-SIF (Face Value ₹1,000,000)	26,00,00,000	14.30%	Bullet Repayment in April 2020
Hinduja Leyland Finance Limited (Face Value ₹1,000,000)	35,00,00,000	11.49%	Bullet Repayment in December 2019
Unsecured debentures			
IFMR Capital Finance Private Limited (Face Value ₹ 2,000,000)	10,00,00,000	14.25%	Bullet Repayment in September 2022
Debenture Northern Arc (Face Value ₹ 1,000,000)	65,00,00,000	13.50%	Bullet Repayment in April 2025

b) Terms and conditions of long-term borrowings and nature of security

Term loans from Banks and Others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security. The term loans carries interest in the range of 7% per annum to 14% per annum (31 March 2017 : 8% to 16% per annum). Non-convertible debentures issued by the Company are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Company to the extent of security cover ratio of 1.1:1 in favour of the trustees for the benefit of the debenture holders.

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c) Terms and conditions of short-term borrowings and nature of security

Short-term secured loans from banks and financial institutions are secured by hypothecation of loan portfolio, in addition to the fixed deposits being held as collateral security and are repayable in 12 or less than 12 monthly installments. The short term loans carry interest in the range of 9.50% per annum to 10.35% per annum (31 March 2017 : 4.00% to 13.40% per annum).

d) There have been no defaults in repayment of debentures or any installments of term loan taken from banks and others.

e) Repayment details of long-term borrowings are as below:

Terms of repayment of long term borrowings (term loans) as on 31 March 2018

Repayment Schedule	Interest rate	Non-current		Current	
		No. of installments	Amount ₹	No. of installments	Amount ₹
Term loan from banks					
Monthly Repayment Schedule					
	9.01% - 10.00%	12	15,00,00,000	12	15,00,00,000
		6	2,50,00,000	12	5,00,00,000
		26	36,11,11,120	10	13,88,88,880
		7	4,37,50,000	12	7,50,00,000
		8	3,33,33,333	12	5,00,00,000
		11	26,19,04,762	10	23,80,95,238
		11	25,00,00,008	11	24,99,99,992
		-	-	12	40,00,00,000
		9	22,50,00,000	12	30,00,00,000
		10	8,33,33,333	12	10,00,00,000
		12	11,00,00,000	12	11,00,00,000
		-	-	12	1,00,00,008
		2	38,88,894	12	2,33,33,328
		12	5,00,00,000	12	5,00,00,000
		12	9,49,99,996	12	9,50,00,004
	10.01% - 11.00%	-	-	8	1,00,00,000
		-	-	8	66,66,672
		-	-	9	1,87,50,005
		25	17,29,94,427	11	7,70,00,000
		-	-	5	1,42,85,714
		-	-	6	1,14,28,572
		1	23,80,964	12	2,85,71,429
		4	95,23,810	12	2,85,71,429
		7	3,33,33,333	12	5,71,42,857
		17	14,15,38,875	12	10,01,08,757
	11.01% - 12.00%	-	-	3	71,42,000
		3	71,42,864	12	2,85,71,424
		3	5,71,42,858	12	22,85,71,428
		-	-	7	2,91,66,667
		-	-	2	55,55,556
		3	1,81,81,818	12	7,27,27,271
		-	-	3	1,00,06,000
		-	-	3	2,14,26,000
		-	-	3	71,42,000
		-	-	3	71,42,000
		-	-	8	1,66,66,656
		-	-	3	42,78,000
	12.01% - 13.00%	-	-	6	1,99,84,000
		-	-	12	3,99,88,000
		-	-	11	3,66,66,667
		-	-	7	1,45,83,322
		-	-	7	1,45,83,322
Quarterly Repayment Schedule					
	9.01% - 10.00%	3	19,28,57,143	4	25,71,42,857
		4	14,28,57,143	3	10,71,42,857
		4	10,26,25,000	4	10,26,25,000

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

Repayment Schedule	Interest rate	Non-current		Current	
		No. of installments	Amount ₹	No. of installments	Amount ₹
		4	30,00,00,000	4	30,00,00,000
		4	20,00,00,000	4	20,00,00,000
		7	23,33,33,330	4	13,33,33,336
		-	-	4	2,00,00,000
		4	2,00,00,000	4	2,00,00,000
		4	6,00,00,000	4	6,00,00,000
		5	10,00,00,000	4	8,00,00,000
		7	5,83,33,335	4	3,33,33,332
		5	12,50,00,000	3	7,50,00,000
	10.01% - 11.00%	-	-	2	3,75,00,000
				2	62,50,000
		4	14,00,00,000	5	22,50,00,000
		8	12,41,00,000	3	4,59,00,000
		8	1,46,00,000	3	54,00,000
		8	16,06,00,000	3	5,94,00,000
		8	6,57,00,000	3	2,43,00,000
		4	12,68,43,126	4	12,73,90,800
		4	7,10,74,377	4	7,10,74,356
		-	-	3	6,42,85,714
		-	-	1	49,76,099
		-	-	1	2,40,00,000
		-	-	4	8,57,14,286
		-	-	3	5,60,00,000
	12.01% - 13.00%	-	-	3	1,87,50,000
Bullet Repayment Schedule					
	11.65%	1	25,00,00,000	-	-
Term Loan from Others					
Monthly Repayment Schedule	7.01%-8.00%	21	32,00,00,000	12	18,00,00,000
		-	-	11	45,83,329
	10.01% - 11.00%	-	-	2	2,05,00,000
		21	35,06,00,000	9	14,94,00,000
		19	3,63,90,580	8	1,36,09,420
	11.01% - 12.00%	12	4,94,00,000	12	5,04,00,000
		-	-	11	2,20,00,000
		-	-	11	1,83,33,333
		-	-	11	1,46,66,667
	12.01% - 13.00%	5	4,12,50,000	12	10,02,00,000
		-	-	12	3,60,00,000
		-	-	12	6,00,00,000
		-	-	12	4,39,99,994
		-	-	3	3,45,33,164
		-	-	3	2,09,38,518
	13.01% - 14.00%	1	39,16,978	11	4,01,95,557
		2	77,08,988	12	4,31,32,414
		2	77,68,074	12	4,31,45,185
	15.01% - 16.00%	-	-	1	8,33,339
		-	-	4	22,22,216
		-	-	6	66,66,668
		-	-	7	77,77,779
Quarterly Repayment Schedule	10.01% - 11.00%	3	19,97,29,218	4	24,32,85,011
		3	9,98,12,803	4	12,16,42,669
Half-Yearly Repayment Schedule	10.01% - 11.00%	8	18,15,00,000	2	9,90,00,000
		8	46,90,00,000	2	20,10,00,000
	11.01% - 12.00%	6	25,00,00,000	2	30,00,00,000
Bullet Repayment Schedule	13.01% - 14.00%	1	50,00,00,000	-	-
		-	-	1	7,50,00,000
Term Loan from Related Parties					
Monthly Repayment Schedule	17.01% - 18.00%	-	-	7	37,75,359
		-	-	7	49,01,899
		-	-	7	28,56,417
		-	-	8	49,61,866
		-	-	12	53,15,245
		1	4,50,086	12	49,97,194
	Total		7,17,25,10,577		7,24,64,35,077

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

8	Other long-term liabilities	As at 31 March 2018	As at 31 March 2017
	Unamortised loan processing fees	3,83,33,638	65,13,336
		3,83,33,638	65,13,336

9	Provisions	As at 31 March 2018		As at 31 March 2017	
		Long-term	Short-term	Long-term	Short-term
	Contingent provision against standard assets	13,13,324	49,19,402	67,07,356	8,43,16,991
	Provision for non-performing assets	26,48,27,821	-	3,26,32,176	-
	Provision for tax (net of advance taxes)	3,32,811	-	-	-
	Provision for employee benefits				
	- gratuity (refer note 12)	1,82,55,852	-	95,91,455	65,303
	- compensated absences	24,12,362	55,18,868	12,76,347	4,027
		28,71,42,170	1,04,38,270	5,02,07,334	8,43,86,321

10. There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') pertaining to micro or small enterprises. For the year ended 31 March 2018, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED Act.

11	Other current liabilities	As at 31 March 2018	As at 31 March 2017
	Current maturities of long-term borrowings	7,24,64,56,865	3,36,89,37,570
	Interest accrued and due on borrowings	7,67,32,702	5,13,31,665
	Interest accrued but not due on borrowings	4,24,87,630	5,27,59,237
	Statutory dues	2,54,19,770	1,31,02,047
	Payable on account of securitisation	23,33,53,689	10,02,04,292
	Unrealised gain on loan transfer transactions	4,95,12,371	3,50,24,002
	Employee dues	5,40,06,699	2,92,78,962
	Unamortised loan processing fees	15,27,25,787	7,22,45,858
	Liabilities for expenses	6,64,20,693	1,49,57,206
	Unamortised profit on buyout transactions	24,38,379	11,42,832
	Capital creditors	7,10,616	-
	Security deposit	14,87,500	-
	Other payables	6,38,45,966	3,59,99,285
		8,01,55,98,667	3,77,49,82,956

12	Employee benefits		
	Defined Benefit Plans - As per Actuarial Valuations as on 31 March 2018 and recognised in the financial statements in respect of Employee Benefit Schemes (gratuity):		
		As at 31 March 2018	As at 31 March 2017
i)	Change in projected benefit obligation		
	Projected benefit obligation at the beginning of the year	1,30,56,726	81,85,618
	Service cost	31,49,478	22,35,472
	Interest cost	8,44,502	5,15,715
	Actuarial loss (net)	53,09,534	55,98,292
	Benefits paid	(26,86,493)	(34,78,371)
	Projected benefit obligation at the end of the year	1,96,73,747	1,30,56,726

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

ii)	Change in plan assets					
	Fair value of plan assets at the beginning of the year		33,99,969		10,83,981	
	Expected return on plan assets		2,03,052		1,67,395	
	Actuarial gain		-		1,31,674	
	Employer contributions		5,01,367		54,95,290	
	Benefits paid		(26,86,493)		(34,78,371)	
	Fair value of plan assets at the end of the year		14,17,895		33,99,969	
iii)	Reconciliation of present value of obligation on the fair value of plan assets					
	Present value of projected benefit obligation at the end of the year		1,96,73,747		1,30,56,726	
	Funded status of the plans		(14,17,895)		(33,99,969)	
	Liability recognised in the balance sheet		1,82,55,852		96,56,757	
iv)	Components of employer expenses					
	Service cost		31,49,478		22,35,472	
	Interest cost		8,44,502		5,15,715	
	Expected returns on plan assets		(2,03,052)		(1,67,395)	
	Recognized net actuarial loss		53,09,534		54,66,618	
	Total expense recognised in the Statement of profit and loss		91,00,462		80,50,410	
	Net Gratuity expenses have been recognised in "Contribution to Provident and other funds" under Note 24.					
v)	Key actuarial assumptions					
	Discount rate		7.40%		7.21%	
	Long-term rate of compensation increase		5.00%		5.00%	
	Rate of return on plan assets		8.00%		8.00%	
	Withdrawal rates		1st 5 years of service 52%			
			more than 5 years of service 1%			
	The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards. The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant facts.					
vi)	Table for 5 years actuarial valuation disclosures for Gratuity					
	Particulars	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
	Defined benefit obligation	1,96,73,747	1,30,56,726	81,85,618	58,52,178	19,46,856
	Plan assets	14,17,895	33,99,969	10,83,981	26,10,949	28,99,026
	(Surplus)/Deficit	1,82,55,852	96,56,757	71,01,637	32,41,229	(9,52,170)
	Net actuarial loss/(gain) recognized	53,09,534	54,66,618	38,41,793	33,57,191	(6,27,771)
vii)	The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952. This is post-employment benefit and is in the nature of defined contribution plan. Contribution made by the Company during the year is ₹ 3,57,43,928 (31 March 2017: ₹ 2,78,97,837).					

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

13	Property, plant and equipment - tangible assets	Furniture and fixtures	Computer and accessories	Office equipment	Total
	Gross block				
	Balance as at 1 April 2016	1,17,94,652	1,82,29,548	26,59,860	3,26,84,060
	Additions	51,46,361	2,18,08,457	14,79,906	28,43,724
	Disposals	-	(85,152)	-	(85,152)
	Subsidy Received	-	(74,96,378)	-	(74,96,378)
	Balance as at 31 March 2017	1,69,41,013	3,24,56,475	41,39,766	5,35,37,254
	Additions (*)	1,27,40,993	2,41,03,449	33,16,975	4,01,61,417
	Disposals	-	(6,85,103)	-	(6,85,103)
	Balance as at 31 March 2018	2,96,82,006	5,58,74,821	74,56,741	9,30,13,568
	(*) Additions includes ₹ 13,87,399 added on amalgamation [refer Note 34(c)]				
	Accumulated depreciation				
	Up to 31 March 2016	79,13,518	93,99,401	13,97,686	1,87,10,605
	Depreciation charge	9,00,405	70,81,501	9,02,040	88,83,946
	Reversal on disposal of assets	-	(29,562)	-	(29,562)
	Up to 31 March 2017	88,13,923	1,64,51,340	22,99,726	2,75,64,989
	Depreciation charge	19,36,310	1,24,13,414	10,26,411	1,53,76,135
	Adjustment pursuant to amalgamation [refer Note 34(c)]	19,353	5,96,696	9,404	6,25,453
	Reversal on disposal of assets	-	(4,73,522)	-	(4,73,522)
	Up to 31 March 2018	1,07,69,586	2,89,87,928	33,35,541	4,30,93,055
	Net block				
	Balance as at 31 March 2017	81,27,090	1,60,05,135	18,40,040	2,59,72,265
	Balance as at 31 March 2018	1,89,12,420	2,68,86,893	41,21,200	4,99,20,513

14	Intangible assets	Computer Software	Total
	Gross block		
	Balance as at 1 April 2016	1,51,43,350	1,51,43,350
	Additions	2,26,36,941	2,26,36,941
	Subsidy Received	(3,51,014)	(3,51,014)
	Balance as at 31 March 2017	3,74,29,277	3,74,29,277
	Additions (*)	4,51,18,120	4,51,18,120
	Balance as at 31 March 2018	8,25,47,397	8,25,47,397
	Accumulated amortisation		
	Up to 31 March 2016	97,93,233	97,93,233
	Amortization charge	42,34,677	42,34,677
	Up to 31 March 2017	1,40,27,910	1,40,27,910
	Amortization charge	1,51,07,860	1,51,07,860
	Up to 31 March 2018	2,91,35,770	2,91,35,770
	Net block		
	Balance as at 31 March 2017	2,34,01,367	23,401,367
	Balance as at 31 March 2018	5,34,11,627	5,34,11,627
	(*) Includes ₹ 57,31,000 added on amalgamation [refer Note 34(c)].		

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

15	Investments	As at 31 March 2018		As at 31 March 2017	
		Non-current	Current	Non-current	Current
	In equity instruments (non-trade, unquoted)				
	50,000 (31 March 2017: 50,000) equity shares of ₹ 10 each fully paid in Alpha Micro Finance Consultant Private Limited	5,00,000	-	5,00,000	-
	In mutual funds (non-trade, unquoted)				
	95 units of ₹ 10 each fully paid-up of Axis Liquid Institutional Fund	-	1,58,296	-	-
	Aggregate amount of unquoted investments	5,00,000	1,58,296	5,00,000	-

16	Deferred tax assets (net)	As at 31st March 2018	As at 31st March 2017
	Deferred tax assets		
	On account of provision for standard and non performing assets	7,48,40,840	3,50,40,532
	On disallowances of expenses allowed on payment basis	91,50,814	37,85,122
	Others	8,32,655	-
		8,48,24,309	3,88,25,654
	Deferred tax liabilities		
	On difference between tax depreciation and book depreciation	(63,13,575)	(44,00,783)
	Deferred tax assets (net)	7,85,10,734	3,44,24,871

17	Loan to customers	As at 31 March 2018		As at 31 March 2017	
		Non-current	Current	Non-current	Current
	Portfolio loans				
	Joint liability group and Individual loans				
	Unsecured, considered good(*)	4,01,92,71,163	15,21,13,06,548	67,07,35,598	8,29,90,66,989
	Unsecured, considered doubtful(**)	24,45,51,561	-	3,26,32,176	-
	Loans to bodies corporate				
	Secured, considered good(#)	17,71,76,538	16,52,55,625	1,05,65,772	8,94,34,228
	Unsecured, considered good	6,18,39,639	67,58,09,552	-	-
	Unsecured, considered doubtful	2,02,76,260	-	-	-
		4,52,31,15,161	16,05,23,71,725	71,39,33,546	8,38,85,01,217
	i) Assets derecognised on account of securitisation and assignment transaction is ₹ 88,56,83,413 (31 March 2017: ₹ 80,91,95,056)				
	(*) Represents standard assets classified in accordance with the RBI Master Directions, 2016				
	(**) Represents non-performing assets classified in accordance with the RBI Master Directions, 2016				
	(#) Secured by hypothecation of pool of underlying assets financed thereagainst.				

18	Loans and advances	As at 31st March 2018		As at 31st March 2017	
	(Unsecured, considered good, unless otherwise stated)				
		Long-term	Short-term	Long-term	Short-term
	Security deposits	91,25,158	1,57,77,670	41,73,673	70,65,447
	Advance tax (net of provision)	-	-	69,74,494	-
	Advances to employees	-	43,67,770	-	26,59,101
	Other receivables (*)	-	9,76,22,914	-	3,51,75,867
	Advances recoverable on behalf of business correspondent arrangements	-	2,31,79,213	-	2,36,63,959
		91,25,158	14,09,47,567	1,11,48,167	6,85,64,374
	(*) Includes ₹ 60,13,524 (31 March 2017: ₹ 58,21,724) receivable from Arohan ESOP Trust - a related party.				

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

19	Other non-current assets	As at 31 March 2018	As at 31 March 2017
	(Unsecured, considered good, unless otherwise stated)		
	Bank deposits with maturity of more than 12 months [Refer (a) below]	43,94,76,333	60,04,38,101
	Interest accrued on fixed deposits	98,96,042	4,55,73,439
	Prepaid expenses	11,63,396	-
	Unamortised loan processing charges on borrowed funds	4,18,49,605	3,21,89,373
		49,23,85,376	67,82,00,913

(a) Includes deposits aggregating to ₹ 43,94,76,333 (31 March 2017: ₹ 52,41,27,484) placed as margin money deposits to avail term loans from banks, financial institutions and as cash collateral in connection with asset assignments/securitisation transactions.

20	Cash and bank balances	As at 31 March 2018	As at 31 March 2017
	Cash and cash equivalents Balances with banks		
	- in current accounts	84,92,23,475	1,37,05,62,187
	- in deposit account (with original maturity upto 3 months)	69,00,00,000	44,12,78,371
	Cash on hand	4,68,96,754	1,49,81,929
		1,58,61,20,229	1,82,68,22,487
	Other bank balances		
	Deposits with maturity of more than 3 months but less than 12 months	19,29,13,547	7,85,28,869
	[Refer (a) below]		
	Total	1,77,90,33,776	1,90,53,51,356

(a) Includes deposits aggregating to ₹ 19,08,38,778 (31 March 2017: ₹ 6,66,18,193) placed as margin money deposits to avail term loans from banks, financial institutions and as cash collateral in connection with asset assignments/ securitisation transactions.

21	Other current assets	As at 31 March 2018	As at 31 March 2017
	(Unsecured, considered good, unless otherwise stated)		
	Accrued Interest on loan to customers	22,85,78,383	13,36,47,999
	Prepaid expenses	1,58,11,919	22,83,845
	Interest receivable on loan transfer transactions	4,95,12,371	3,50,24,002
	Grant receivable	-	1,36,540
	Unamortised loan processing charges on borrowed funds	4,15,53,147	2,89,41,397
	Interest accrued on fixed deposits	1,63,05,093	21,45,940
	Interest strip on securitisation transactions	2,89,10,795	1,73,79,172
		38,06,71,708	21,95,58,895

22	Revenue from operations	Year ended 31 March 2018	Year ended 31 March 2017
	Interest on loan to customers	2,85,70,48,780	1,82,10,49,581
	Income from loan processing fee	15,83,03,577	9,81,64,910
	Income from securitisation (excess interest spread)	4,63,71,429	3,94,84,101
	Other operating revenues [Refer (a) below]	15,51,70,340	14,57,79,130
		3,21,68,94,126	2,10,44,77,722

(a) Includes Interest on margin money deposits placed to avail term loan from banks, financial institutions and on deposits placed as cash collateral in connection with securitization amounting to ₹ 2,46,50,720 (31 March 2017 ₹ 4,35,52,565).

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

23	Other income	Year ended 31 March 2018	Year ended 31 March 2017
	Interest income on:		
	Fixed deposits	1,88,43,215	1,44,73,020
	Income tax refund	-	69,212
	Gain on sale of current investments	2,10,73,824	2,38,15,410
	Profit on sale of fixed assets	1,46,479	29,693
	Sundry balances written back	4,03,099	2,64,827
	Grant received	50,89,272	66,54,757
	Gain on foreign exchange fluctuation	-	48,304
	Miscellaneous Income	77,25,849	-
		5,32,81,738	4,53,55,223
24	Employee benefits expense	Year ended 31 March 2018	Year ended 31 March 2017
	Salaries and bonus/allowances	62,08,04,286	38,83,44,204
	Contribution to provident and other funds	5,06,05,487	3,80,30,237
	Employee stock option compensation	19,87,222	1,45,101
	Staff welfare expenses	1,81,83,873	1,19,64,060
		69,15,80,868	43,84,83,602
25	Finance costs	Year ended 31 March 2018	Year ended 31 March 2017
	Interest expenses	1,18,05,25,412	93,42,29,141
	Other borrowing costs	5,52,18,588	5,35,30,552
		1,23,57,44,000	98,77,59,693
26	Depreciation and amortisation expense	Year ended 31 March 2018	Year ended 31 March 2017
	Depreciation on property, plant and equipment - tangible assets (Refer note 13)	1,53,76,135	88,83,946
	Amortisation of intangible assets (Refer note 14)	1,51,07,860	42,34,677
		3,04,83,995	1,31,18,623
27	Provisions and write off	Year ended 31 March 2018	Year ended 31 March 2017
	Bad debt written off	34,18,10,286	1,52,60,694
	Provision for loan portfolio	14,37,32,176	6,50,54,687
		48,55,42,462	8,03,15,381
28	Other expenses	Year ended 31 March 2018	Year ended 31 March 2017
	Rent	5,85,66,094	3,57,00,680
	Repairs and maintenance-others	1,78,00,042	74,09,919
	Insurance	1,01,75,891	54,43,124
	Power and fuel	66,86,031	48,76,898
	Rates and Taxes	1,88,53,346	72,84,071
	Office expenses	1,58,02,482	60,17,719
	Membership and subscription	55,26,817	20,51,317
	Office maintenance	1,22,15,947	76,15,021
	Printing and stationery	1,39,68,668	1,01,44,665
	Legal and Professional expenses	8,45,33,508	3,24,36,895
	Recruitment and induction expenses	1,36,45,581	1,05,90,277
	Communication expenses	1,52,20,686	98,84,227
	Travelling and conveyance	8,67,26,090	7,00,38,378
	Payment to auditors (Refer note (a) below)	31,95,279	25,79,246
	Loss on foreign exchange fluctuation	63,64	-
	Expenditure on corporate social responsibility (Refer Note 38)	61,51,871	36,24,909
	Miscellaneous expenses	35,67,312	41,45,141
		37,26,42,010	21,98,42,487

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

(a)	Payments to auditors	Year ended 31 March 2018	Year ended 31 March 2017
	Statutory audit	27,50,000	22,00,000
	Tax audit	1,03,700	1,00,000
	In other capacity		
	Other services	1,85,000	-
	Reimbursement of expenses	1,56,579	2,79,246
		31,95,279	25,79,246

29 Related party disclosures											
a)	Names of related parties and description of relationship										
	<table border="1"> <thead> <tr> <th>Relationship</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>Key Management Personnel (KMP)</td> <td>Manoj Kumar Nambiar - Managing Director Milind Ramchandra Nare - Chief Financial Officer Anirudh Singh G Thakur (appointed on 23rd October 2017) - Company Secretary Vanita Mundhra (resigned wef 23rd October 2017) - Company Secretary</td> </tr> <tr> <td>Relatives of KMP</td> <td>Geeta Nambiar</td> </tr> <tr> <td>Entities which are able to exercise control or have significant influence</td> <td>Jain Sons Finlease Limited Intellectual Capital Advisory Services Private Limited Intellectap Software Technologies Private Limited Intellectap Advisory Services Private Limited Aavishkaar Goodwill India Microfinance Development Company-II Limited Aavishkaar Venture Management Services Private Limited Tano India Private Equity Fund II</td> </tr> <tr> <td>Enterprise over which KMP have significant influence or control</td> <td>Arohan ESOP Trust Anudip Foundation Tribetech Private Limited</td> </tr> </tbody> </table>	Relationship	Name	Key Management Personnel (KMP)	Manoj Kumar Nambiar - Managing Director Milind Ramchandra Nare - Chief Financial Officer Anirudh Singh G Thakur (appointed on 23rd October 2017) - Company Secretary Vanita Mundhra (resigned wef 23rd October 2017) - Company Secretary	Relatives of KMP	Geeta Nambiar	Entities which are able to exercise control or have significant influence	Jain Sons Finlease Limited Intellectual Capital Advisory Services Private Limited Intellectap Software Technologies Private Limited Intellectap Advisory Services Private Limited Aavishkaar Goodwill India Microfinance Development Company-II Limited Aavishkaar Venture Management Services Private Limited Tano India Private Equity Fund II	Enterprise over which KMP have significant influence or control	Arohan ESOP Trust Anudip Foundation Tribetech Private Limited
Relationship	Name										
Key Management Personnel (KMP)	Manoj Kumar Nambiar - Managing Director Milind Ramchandra Nare - Chief Financial Officer Anirudh Singh G Thakur (appointed on 23rd October 2017) - Company Secretary Vanita Mundhra (resigned wef 23rd October 2017) - Company Secretary										
Relatives of KMP	Geeta Nambiar										
Entities which are able to exercise control or have significant influence	Jain Sons Finlease Limited Intellectual Capital Advisory Services Private Limited Intellectap Software Technologies Private Limited Intellectap Advisory Services Private Limited Aavishkaar Goodwill India Microfinance Development Company-II Limited Aavishkaar Venture Management Services Private Limited Tano India Private Equity Fund II										
Enterprise over which KMP have significant influence or control	Arohan ESOP Trust Anudip Foundation Tribetech Private Limited										

b)	Transactions with related parties	Year ended 31 March 2018	Year ended 31 March 2017
	Issue of equity shares (including share premium)		
	Tano India Private Equity Fund II (including conversion of preference shares)	-	30,85,33,175
	Aavishkaar Venture Management Services Private Limited	-	44,99,99,967
	Aavishkaar Venture Management Services Private Limited (pursuant to Scheme)	42,61,550	-
	Intellectual Capital Advisory Services Private Limited (pursuant to Scheme)	12,35,44,990	-
	Aavishkaar Goodwill India Microfinance Development Company-II Limited (pursuant to Scheme)	10,12,78,050	-
	Loan repayment received		
	Arohan ESOP Trust	-	96,00,000
	Receivable during the year pursuant to exercise of options (net of receipt)		
	Arohan ESOP Trust	1,62,300	55,22,776
	Portfolio buyout		
	Jain Sons Finlease Limited	12,04,956	-
	Loan taken		
	Jain Sons Finlease Limited (includes ₹ 50,781,873 added pursuant to Scheme)	5,97,81,873	-
	Loan repaid		
	Manoj Kumar Nambiar	-	24,00,000
	Geeta Nambiar	-	34,00,000
	Jain Sons Finlease Limited	3,25,23,807	-
	Security deposit taken		
	Tribetech Private Limited	10,60,000	-
	Purchase of property, plant and equipment		
	Jain Sons Finlease Limited	47,49,394	-
	Remuneration		
	Manoj Kumar Nambiar	1,12,50,006	78,16,382
	Milind Ramchandra Nare	68,93,311	34,92,037
	Anirudh Singh G Thakur	19,88,950	-
	Vanita Mundhra	5,28,684	8,09,706

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

b)	Transactions with related parties	Year ended 31 March 2018	Year ended 31 March 2017
	Interest paid		
	Manoj Kumar Nambiar	-	1,90,911
	Geeta Nambiar	-	2,52,904
	Jain Sons Finlease Limited	81,16,893	-
	Professional/ business support fees		
	Aavishkaar Venture Management Services Private Limited	5,67,071	-
	Intellectap Advisory Services Private Limited	35,79,767	1,34,68,750
	Tribetech Private Limited	15,86,188	-
	Loan processing charge		
	Jain Sons Finlease Limited	96,750	-
	Expenditure on corporate social responsibility		
	Anudip Foundation	9,00,000	-
	Reimbursement of expenses		
	Tano India Private Equity Fund II	-	49,995
	Tribetech Private Limited	1,65,447	-
	Aavishkaar Venture Management Services Private Limited	34,542	49,492
	Intellectap Advisory Services Private Limited	-	22,820
	Arohan ESOP Trust	29,500	2,98,948
	Rent & service charges		
	Intellectual Capital Advisory Services Private Limited	-	1,34,232
	Intellectap Advisory Services Private Limited	2,72,488	-

c)	Year-end balances with related parties	As at 31 March 2018	As at 31 March 2017
	Loans taken		
	Jain Sons Finlease Ltd	2,72,58,066	-
	Other receivables		
	Arohan ESOP Trust	60,13,524	58,21,724
	Security deposit taken		
	Tribetech Private Limited	10,60,000	-
	Other payables		
	Tribetech Private Limited	8,96,923	-
	Intellectap Advisory Services Private Limited	-	1,31,35,858
	Anudip Foundation	1,80,000	-

30	Additional disclosures pursuant to the RBI guidelines and notifications:	31 March 2018	31 March 2017
i)	Capital		
	Capital to Risk/Weighted Assets Ratio (CRAR) (%)	23.63%	39.35%
	CRAR-Tier I Capital (%)	16.81%	35.62%
	CRAR-Tier II Capital (%)	6.82%	3.73%
	Amount of subordinated debt raised as Tier-II Capital	1,15,00,00,000	35,00,00,000
	Amount raised by issue of Perpetual Debt Instruments	-	-

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

ii)	Investments	31 March 2018	31 March 2017
	A. Value of Investments		
	Gross Value of Investments:		
	a) In India	6,58,296	5,00,000
	b) Outside India	-	-
	Provisions for Depreciation:		
	a) In India	-	-
	b) Outside India	-	-
	Net Value of Investments		
	a) In India	6,58,296	5,00,000
	b) Outside India	-	-
	B. Movement of provisions held towards depreciation on investments		
	Opening Balance	-	-
	Add: Provisions made during the year	-	-
	Less: Write-off/Write-back of excess provisions during the year	-	-
	Closing Balance	-	-
iii)	Derivatives		
	The Company does not have any derivatives exposure in the current and previous year.		
iv)	Disclosures relating to Securitisation		
		31 March 2018	31 March 2017
A)	Securitisation		
	1) No. of SPVs sponsored by the NBFC for securitisation transactions	1	3
	2) Total amount of securitised assets as per books of the SPVs sponsored	40,12,11,368	8,09,195,056
	3) Total amount of exposures retained by the NBFC to comply with Minimum Retention Requirement (MRR) as on the date of balance sheet		
	a) Off-balance sheet exposures		
	(i) First loss	4,27,12,743	3,64,46,218
	(ii) Others	-	-
	b) On-balance sheet exposures		
	(i) First loss	8,02,42,274	7,35,11,168
	(ii) Others	-	-
	4) Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	(ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	(ii) Exposure to party securitisations		
	- First loss	-	-
	- Others	-	-
	Number of loans assigned/ securitised	22,622	71,151
	Book value of loans assigned/ securitised	40,12,11,368	80,91,95,056
	Sale consideration received for loans assigned/ securitised	40,12,11,368	80,91,95,056
	Gain / (Loss) on account of direct assigned / securitization	-	-

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

	31 March 2018	31 March 2017
Income recognised in the statement of profit and loss	48,21,592	3,26,32,176
Credit enhancements provided and outstanding (Gross):		
Principal collateralisation	4,45,79,041	3,64,29,251
Interest collateralisation	4,27,12,743	3,64,46,218
Cash collateral	3,56,63,233	7,35,11,168

B) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset reconstruction

The Company has not sold any financial assets to Securitisation/Reconstruction Company for Asset Reconstruction during the current and previous year.

C) Details of Assignment transactions undertaken by NBFCs		
	31 March 2018	31 March 2017
i) No. of accounts	44,853	-
ii) Aggregate value of accounts sold	48,44,72,045	-
iii) Aggregate consideration	48,44,72,045	-
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain/loss over net book value	-	-

D) Details of non-performing financial assets purchased/sold

The Company has not purchased/sold any non-performing financial assets (related to securitisation) during the current and previous year.

v) Asset Liability Management

Disclosures relating to maturity pattern of certain items of assets and liabilities are given in Note 31.

vi) Exposures

A) Exposure to Real Estate Sector

The Company did not have any exposure to real estate sector during the current and previous year.

B) Exposure to Capital Market

The Company did not have any exposure to capital market during the current and previous year.

C) Details of financing of parent company products

The Company does not have a parent company and accordingly no disclosures required.

D) Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the NBFC

There are no instances of exceeding the single and group borrowing limit by the Company during the current and previous year.

E) Unsecured Advances - Refer Note 17

vii) Miscellaneous

A) Registration obtained from other financial sector regulators

The Company has obtained a certificate of registration under registration number CA0402 dated 1 August 2016 to act as Corporate Agent (Composite) under Insurance Regulatory and Development Authority of India (IRDA).

B) Disclosure of Penalties imposed by RBI and other regulators

There have been no penalties imposed on the Company by RBI or other financial sector regulators during the current and previous year.

C) Related Party Transactions

Details of all material related party transactions are disclosed in Note 29.

D) Ratings assigned by credit rating agencies and migration of ratings during the year

The details of ratings assigned by Credit Analysis & Research Ltd. (CARE) vide their report dated 23 March 2018 and migration of ratings during the year are as follows:

Facilities	Ratings	Remarks
Long-term Bank facilities	CARE A-	Reaffirmed
Non-Convertible Debentures	CARE A-	Reaffirmed
Unsecured Subordinated Tier II Debt	CARE A-	Revised from CARE BBB+

E) Remuneration of Directors

Details relating to remuneration of directors are disclosed in Note 29.

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

viii) Additional Disclosures

A) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss		
	31 March 2018	31 March 2017
Provision towards standard and non performing assets (refer note 27)	14,37,32,176	6,50,54,687
Provision made towards Income tax (including for earlier year)	20,16,06,776	14,77,90,966
Other Provision and Contingencies (employee benefits)	1,66,96,686	1,08,93,106

B) Draw Down from Reserves

There have been no instances of draw down from reserves by the Company during the current and previous year.

C) Concentration of Advances, Exposures and NPAs		
	31 March 2018	31 March 2017
a) Concentration of Advances		
Total Advances to twenty largest borrowers	43,51,74,257	10,22,48,125
Percentage of Advances to twenty largest borrowers to Total Advances	2.04%	1.12%
b) Concentration of Exposures		
Total exposure to twenty largest borrowers/customers	43,51,74,257	10,22,48,125
Percentage of exposures to twenty largest borrowers / customers to Total Exposure	2.04%	1.12%
c) Concentration of NPAs		
Total exposure to top four NPA accounts	92,11,299	2,37,107
d) Sector-wise NPAs		
	Percentage of NPAs to Total Advances in that sector	
Agriculture & allied activities	Nil	
MSME	Nil	
Corporate borrowers	1.84%	
Services	Nil	
Unsecured personal loans	1.26%	
Auto loans	Nil	
Other personal loans	Nil	
e) Movement of NPAs		
i) Net NPAs to Net Advances (%)	0.00%	0.00%
ii) Movement of NPAs (Gross)		
a) Opening Balance	3,26,32,176	2,42,87,534
b) Additions during the year	26,48,27,821	2,38,52,803
c) Reductions during the year	3,26,32,176	1,55,08,161
d) Closing balance	26,48,27,821	3,26,32,176
iii) Movement of Net NPAs		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	3,26,32,176	2,42,87,534
b) Provisions made during the year	26,48,27,821	2,38,52,803
c) Write-off/write-back of excess provisions	3,26,32,176	1,55,08,161
d) Closing balance	26,48,27,821	3,26,32,176

Arohan Financial Services Private Limited**Summary of significant accounting policies and other explanatory information (Contd.)**

(All amounts in ₹ unless otherwise stated)

f) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

The Company did not have any overseas assets during the current and previous year.

g) Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company did not sponsor any SPVs during the current and previous year.

ix)	Disclosure of customer complaints	31 March 2018	31 March 2017
	a) No. of complaints pending at the beginning of the year	110	68
	b) No. of complaints received during the year	690	486
	c) No. of complaints redressed during the year	726	444
	d) No. of complaints pending at the end of the year	74	110

x)	Information on instances of fraud identified during the year	31 March 2018	31 March 2017
	Nature of fraud		
	Cash embezzlement and snatching		
	No. of cases	4	6
	Amount of fraud	14,49,185	24,53,434
	Recovery	10,60,763	17,80,326
	Amount provided for	3,88,422	6,73,108
	Loans given against fictitious documents		
	No. of cases	-	2
	Amount of fraud	-	11,14,214
	Recovery	-	8,14,769
	Amount provided for	-	2,99,445

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

Asset Liability Management										
Maturity pattern of assets and liability as on 31 March 2018										
	Up to 30/31 days	Over 1 Month up to 2 Months	Over 2 Months up to 3 Months	Over 3 Months up to 6 Months	Over 6 Months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total	
Deposits	69,70,00,000	1,87,06,027	56,59,119	6,06,73,923	10,08,74,478	37,66,19,193	62,85,71,40	-	1,32,23,89,880	
Advances (Micro Finance Portfolio)	1,50,85,51,499	1,54,71,34,176	1,48,82,03,950	4,27,84,44,499	6,44,96,12,943	4,20,31,82,205	-	-	19,47,51,29,272	
Advances (Corporate)	8,59,90,376	83,72,523	8,08,45,595	24,22,77,809	34,82,26,167	25,92,92,437	-	-	1,10,03,57,614	
Investments	1,58,296	-	-	-	-	-	-	5,00,000	6,58,296	
Borrowings	99,14,37,168	67,37,70,943	72,25,81,957	2,94,92,64,103	4,25,10,63,769	7,06,63,38,371	59,61,72,205	1,40,00,00,000	18,65,06,28,516	
Foreign Currency assets	-	-	-	-	-	-	-	-	-	
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	
Maturity pattern of assets and liability as on 31 March 2017										
	Up to 30/31 days	Over 1 Month up to 2 Months	Over 2 Months up to 3 Months	Over 3 Months up to 6 Months	Over 6 Months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total	
Deposits	48,38,68,253	3,69,88,143	57,66,0683	12,39,25,361	19,88,91,859	21,89,11,042	-	-	1,12,02,45,341	
Advances (Micro Finance Portfolio)	1,02,26,37,618	92,30,19,423	88,47,21,786.1	2,32,43,81,521	2,96,54,38,185	88,22,36,230	-	-	9,00,24,34,763	
Advances (Corporate)	-	62,32,804	78,10,303.22	2,40,91,812	5,12,99,309	1,05,65,772	-	-	10,00,00,000	
Investments	-	-	-	-	-	-	-	5,00,000	5,00,000	
Borrowings	30,99,66,024	27,37,01,538	3,07,17,3646	1,70,06,19,097	1,45,68,58,891	2,86,72,13,214	87,00,00,000	35,00,00,000	8,13,55,32,410	
Foreign Currency assets	1,36,540	-	-	-	-	-	-	-	1,36,540	
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	
Notes:										
	1. The above borrowings exclude interest accrued and due and interest accrued but not due.									
	2. The advances comprise of loan portfolio and does not include interest accrued.									
	3. The above information has been considered as per the Asset Liability Management (ALM) Report compiled by the management and reviewed by the ALM Committee.									

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

32	Loan portfolio and provision for standard and non-performing assets as at 31 March 2018:									
	Asset classification	Portfolio loans outstanding (gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (net)		
		As at 31 March 2018	As at 31 March 2017	As at 31 March 2017	Provisions made during the year(*)	Provisions written back during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
	Standard assets	20,31,06,59,065	9,06,98,02,587	9,10,24,347	-	8,47,91,621	62,32,726	20,30,44,26,339	8,97,87,78,240	
	Sub-standard assets	26,48,27,821	3,26,32,176	3,26,32,176	26,48,27,821	32,632,176	26,48,27,821	-	-	
	Doubtful assets	-	-	-	-	-	-	-	-	
	Loss assets	-	-	-	-	-	-	-	-	
	Total	20,57,54,86,886	9,10,24,34,763	12,36,56,523	26,48,27,821	11,74,23,797	27,10,60,547	20,30,44,26,339	8,97,87,78,240	
	(*) Includes ₹ 36,71,848 added pursuant to Scheme [refer Note 34(c)]									
Loan portfolio and provision for standard and non-performing assets as at 31 March 2017:										
Asset classification	Portfolio loans outstanding (gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (net)			
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2016	Provisions made during the year	Provisions written back during the year	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016		
	Standard assets	9,06,98,02,587	5,83,59,08,206	3,43,14,301	5,67,10,046	-	9,10,24,347	5,80,15,93,905		
	Sub-standard assets	3,26,32,176	2,42,87,534	2,42,87,534	2,38,52,803	1,55,08,161	3,26,32,176	-		
	Doubtful assets	-	-	-	-	-	-	-		
	Loss assets	-	-	-	-	-	-	-		
	Total	9,10,24,34,763	5,86,01,95,740	5,86,01,835	8,05,62,849	1,55,08,161	12,36,56,523	5,80,15,93,905		

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

33	Additional disclosures pursuant to Para 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016.		
	Liabilities side :	As at 31 March 2018	
		Amount outstanding	Amount overdue
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:			
(a) Debentures			
Secured		1,17,24,58,140	-
Unsecured		75,82,17,124	-
(other than falling within the meaning of public deposits)			
(b) Deferred Credits		-	-
(c) Term Loans (includes short-term borrowings)			
Secured		16,01,32,04,865	-
Unsecured		79,84,33,038	-
(d) Inter-corporate loans and borrowing		2,75,35,681	-
(e) Commercial Paper		-	-
(f) Other Loans		-	-
Assets side :			31 March 2018
(2) Break up of Loans and Advances:			
a) Secured, gross			34,24,32,163
b) Unsecured, gross			20,23,30,54,723
Total			20,57,54,86,886
Of Total Loans and Advances			
(a) Loans to Body Corporates			1,10,03,57,614
(a) Others			19,47,51,29,272
Total Loans and Advances			20,57,54,86,886
(3) Break up of Leased Assets			
(i) Lease assets including lease rentals under sundry debtors:			
(a) finance lease			-
(b) operating lease			-
(ii) Stock on hire including hire charges under sundry debtors:			
(a) assets on hire			-
(b) repossessed asset			-
(iii) Other loans counting towards AFC activities			
(a) loans where assets have been repossessed			-
(b) loans other than (a) above			-
(4) Breakup of investments (long-term unquoted equity)			
Current Investments :			
1. Quoted			
(i) Shares :			
(a) Equity			-
(b) Preference			-
(ii) Debentures and Bonds			-
(iii) Units of mutual funds			1,58,296
(iv) Government Securities			-
(v) Others			-

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

Additional disclosures pursuant to Para 18 of Master Direction - Non Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016 (continued)		31 March 2018	
2. Unquoted			
(i) Shares :			
(a) Equity		-	
(b) Preference		-	
(ii) Debentures and Bonds		-	
(iii) Units of mutual funds		-	
(iv) Government Securities		-	
(v) Others		-	
Long Term investments :			
1. Quoted			
(i) Shares :		-	
(a) Equity		-	
(b) Preference		-	
(ii) Debentures and Bonds		-	
(iii) Units of mutual funds		-	
(iv) Government Securities		-	
(v) Others		-	
2. Unquoted			
(i) Shares:			
(a) Equity		5,00,000	
(b) Preference		-	
(ii) Debentures and Bonds		-	
(iii) Units of mutual funds		-	
(iv) Government Securities		-	
(v) Others		-	
		Net of provision as at 31 March 2018	
(5) Borrower group-wise classification of assets financed as in (2) and (3)			
Category	Secured	Unsecured	Total
1. Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) other related parties	-	-	-
2. Other than related parties	34,10,62,435	19,96,33,63,904	20,30,44,26,339
Total	34,10,62,435	19,96,33,63,904	20,30,44,26,339
(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)			
Category	Market value / Breakup or fair value or NAV		Book value (net of provisions)
1. Related parties	-		-
2. Other than related parties	5,00,000		5,00,000
Total	5,00,000		5,00,000

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

(7) Other information	31 March 2018
(i) Gross non-performing assets	
(a) Related parties	-
(b) Other than related parties	26,48,27,821
(ii) Net non-performing assets	
(a) Related parties	-
(b) Other than related parties	-
(iii) Assets acquired on satisfaction of debt	-

34 Scheme of Arrangement

(a) Pursuant to a Scheme of Arrangement ("the Scheme") under section 230 to 232 of the Companies Act, 2013, sanctioned by the National Company Law Tribunal ("NCLT"), Kolkata Bench vide its order dated 26 March 2018 and NCLT, Mumbai Bench vide its order dated 9th March 2018, Intellectash Microfinance Network Company Private Limited ("Transferor Company") merged with Arohan Financial Services Private Limited ("Transferee Company") with effect from 1 April 2017 ("Appointed Date"). The Scheme came into effect on 28 March 2018, the day on which both the order of the NCLT, Kolkata and Mumbai Bench were delivered to the Registrar of Companies.

(b) "Intellectash Microfinance Network Company Private Limited is in the business of providing working capital and business loans to micro, small and medium enterprises through Merchant Cash Advance by leveraging on electronic payment infrastructure. The ticket size ranges from ₹ 5,00,000 to ₹ 75,00,000 and is decided by taking into account the average monthly sales of the customer over the last one year via point of sale/e-commerce system. The Scheme will bring in economies of scale, retention of clients, diversification, financial strength and optimization on non-qualifying asset space of the transferee company."

(c) The amalgamation is accounted under the 'pooling of interest' method as per Accounting Standard 14, 'Accounting for Amalgamations' as under:

- All assets, liabilities and reserves (whether capital or revenue arising on revaluation) recorded in the books of account of the Transferor Company have been transferred and recorded in the books of the Transferee Company pursuant to this Scheme, at their existing carrying amounts and in the same form as at the Appointed Date.
- The identity of reserves of the Transferor Company have been preserved when transferred to the Transferee Company and they appear in the financial statements of the Transferee Company in the same form in which they appeared in the financial statements of the Transferor Company. The balance in the Statement of Profit and Loss, General Reserve, Securities Premium Reserve and Reserve Fund have been aggregated with the balances standing in the books of the Transferee Company.
- The investment held in the Transferee Company by the Transferor Company (1,80,67,494 equity shares of ₹ 10 each) have been cancelled (securities premium adjusted ₹ 5 66,79,154). The Transferee Company has issued 2.1344 equity shares for every 1 share held in the Transferor Company to the shareholders of the Transferor Company aggregating to 2,39,70,479 equity shares of ₹ 10 each.
- The difference between the amount recorded as share capital issued and the amount of share capital of the Transferor Company amounting to ₹ 12,73,99,310 has been adjusted with the Securities Premium Reserve in the financial statements.

35 Contingent liabilities and commitments

(a) Demand for income tax received from income tax authorities in respect of which the Company has gone for appeal is ₹96,19,510 (31 March 2017: ₹ 25,37,872). Based on the management assessment, crystallization of liability on these items is not considered probable and hence not acknowledged as debt by the Company.

(b) Corporate Guarantee provided to IndusInd Bank towards partnership agreement for ₹75,00,000 (31 March 2017: ₹ 75,00,000).

(c) The details of credit enhancement provided in respect of securitisation transaction outstanding as at 31 March 2018 has been provided in note 30(iv).

(d) Capital commitment for purchase/ development of tangible and intangible asset (net of advances) ₹ 97,31,128 (31 March 2017: ₹10,00,000).

Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

36	Earnings per equity share [EPES]	Year ended 31 March 2018	Year ended 31 March 2017
	a) Profit considered for computation of basic and diluted EPES	29,66,61,616	27,46,27,044
	b) Computation of weighted average number of equity shares in computation of basic and diluted EPES		
	Weighted average number of shares considered for computation of basic EPES	8,85,10,170	5,64,79,401
	Add: Effect of shares issued under ESOP scheme	2,255	27,086
	Weighted average number of shares considered for computation of diluted EPES	8,85,12,425	5,65,06,487
	c) Earnings per equity share [EPES]		
	Basic EPES	3.35	4.86
	Diluted EPES	3.35	4.86

37	Foreign Currency Disclosures	31 March 2018	31 March 2017		
	a) Earnings in foreign currency				
	Grant income	50,89,272	1,38,803		
		50,89,272	1,38,803		
	b) Unhedged foreign currency exposure	As at 31 March 2018	As at 31 March 2017		
		Foreign currency	Amount	Foreign currency	Amount
	Grant Receivable		-	€ 1,968	1,38,803
			-		1,38,803

38	Disclosure in respect of Corporate Social Responsibility under section 135 of the Companies Act, 2013 and Rules thereon	31 March 2018	31 March 2017
	(a) Gross amount required to be spent during the year	59,97,398	35,55,645
	(b) Amount spent during the year on purposes other than construction/acquisition of any asset		
	Paid	59,66,871	36,24,909
	Yet to be paid	1,85,000	-
	Total	61,51,871	36,24,909

39 Segment reporting

The Company operates in a single reportable segment i.e. financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting'. The Company does not have any reportable geographical segment.

40 Lease payments made under cancellable operating lease amounting to ₹ 4,88,67,196 (31 March 2017: ₹ 2,95,20,433) disclosed as rent and the same has been recognised as an expense in the statement of profit and loss.

41 The company has taken on operating lease certain office premises for a period of 36 months which are non-cancellable for the period as reflected in the respective agreements. These lease agreements provide for increase in the lease payments by 5% to 15% over the period as mentioned in the agreements. The total minimum lease payments for the current period, in respect of operating leases, included under rent, aggregates to ₹ 96,98,898 (31 March 2017 : ₹ 61,80,247)

The future lease payments in respect of the above are as follows:-			
Particulars	31 March 2018	31 March 2017	
Not later than one year	93,28,845	82,45,125	
Later than one year but not later than five years	1,03,59,368	61,35,061	
Later than 5 years	-	-	



Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information (Contd.)

(All amounts in ₹ unless otherwise stated)

42 The figures for year ended 31 March 2018 are not comparable with the previous year figures due to the effect of the Scheme (refer Note 34).

43 Previous year figures have been reclassified / regrouped wherever necessary, to confirm to current year presentation.

This is the summary of significant accounting policies and other explanatory information referred in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Anamitra Das**
Partner

Place: Kolkata
Date: 27 April 2018

For and on behalf of Board of Directors of
Arohan Financial Services Private Limited

Manoj Kumar Nambiar
Managing Director

Anirudh Singh G Thakur
Company Secretary

Place: Kolkata
Date: 27 April 2018

Anurag Agrawal
Director

Milind Nare
Chief Financial Officer



Arohan Financial Services Private Limited

PTI Building, 4th Floor, DP-9, Sector V, Salt Lake, Kolkata 700 091

W: www.arohan.in | **P:** +91 33 40156000